

FINANCE AND POLICY COMMITTEE

AGENDA



Monday 25 January 2021

at 10.00 am

in the Civic Centre, Hartlepool.

PLEASE NOTE: this will be a 'remote meeting', a web-link to the public stream will be available on the Hartlepool Borough Council website at least 24 hours before the meeting.

MEMBERS: FINANCE AND POLICY COMMITTEE

Councillors C Akers-Belcher, Brewer, Brown, Lindridge, Little, Marshall, Moore, Smith, Tennant, Thomas and Young.

1. APOLOGIES FOR ABSENCE

2. TO RECEIVE ANY DECLARATIONS OF INTEREST BY MEMBERS

3. MINUTES

- 3.1 To receive the minutes of the meeting of the Finance and Policy Committee held on 30 November 2020.
- 3.2 To receive the minutes of the meeting of the Health and Wellbeing Board held on 7 September 2020.

4. BUDGET AND POLICY FRAMEWORK ITEMS

- 4.1 Medium Term Financial Strategy (MTFS) 2021/22 and 2022/23– *Director of Resources and Development*

CIVIC CENTRE EVACUATION AND ASSEMBLY PROCEDURE

In the event of a fire alarm or a bomb alarm, please leave by the nearest emergency exit as directed by Council Officers. A Fire Alarm is a continuous ringing. A Bomb Alarm is a continuous tone. The Assembly Point for everyone is Victory Square by the Cenotaph. If the meeting has to be evacuated, please proceed to the Assembly Point so that you can be safely accounted for.

5. KEY DECISIONS

- 5.1 Towns Fund- Hartlepool Town Investment Plan – *Director of Resources and Development*
- 5.2 Brownfield Housing Fund – Lynn Street Housing Development – *Director of Resources and Development*
- 5.3 Sale of Land at Seaton Lane – *Director of Resources and Development* (To Follow)

6. OTHER ITEMS REQUIRING DECISION

- 6.1 Council Tax Base 2021/22– *Director of Resources and Development*
- 6.2 Tees Valley Freeport Bid Update – *Managing Director*

7. ITEMS FOR INFORMATION

No items.

8. ANY OTHER BUSINESS WHICH THE CHAIR CONSIDERS URGENT

For Information:

Dates and times of forthcoming meetings of the Finance and Policy Committee –

Monday 15 February, 2021 at 10.00 am

Monday 15 March, 2021 at 10.00 am



FINANCE AND POLICY COMMITTEE

MINUTES AND DECISION RECORD

30 NOVEMBER 2020

The meeting commenced at 10.00 am and was an online remote meeting in compliance with the Council Procedure Rules Relating to the holding of Remote Meetings and the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority Police and Crime Panel Meetings) (England and Wales) Regulations 2020.

Present:

Councillor Shane Moore (In the Chair)

Councillors: Christopher Akers-Belcher, James Brewer, Paddy Brown, Jim Lindridge, Sue Little, Ann Marshall, Leisa Smith, John Tennant, Stephen Thomas and Mike Young.

Also Present: Councillors Tom Cassidy and Tony Richardson.

Officers: Denise McGuckin, Managing Director
Hayley Martin, Chief Solicitor
Chris Little, Director of Resources and Development
Sally Robinson, Director of Children's and Joint Commissioning Services
Craig Blundred, Director of Public Health
Jill Harrison, Director of Adult and Community Based Services
Tony Hanson, Director of Neighbourhoods and Regulatory Services
David Cosgrove and Denise Wimpenny, Democratic Services Team

45. Apologies for Absence

None.

46. Declarations of Interest

Councillor Christopher Akers-Belcher declared a personal interest in Minute No. 54 as an appointed Trustee of the Hartlepool Maritime Experience/National Museum of the Royal Navy.

47. Minutes of the meeting held on 19 October 2020

Confirmed.

48. Minutes of the meeting of the Safer Hartlepool Partnership held on 4 September 2020

Received.

49. Community Safety Plan (2020 – 2021) *(Director of Neighbourhoods and Regulatory Services)*

Type of decision

Budget and Policy Framework.

Purpose of report

To consider the Safer Hartlepool Partnership Community Safety Plan 2020-2021 and to consider referral to Council for adoption.

Issue(s) for consideration

The Director of Neighbourhoods and Regulatory Services reported that the Community Safety Plan 2020-21 provided an overview of some of the recent activities undertaken to improve community safety in Hartlepool, and key findings from the Safer Hartlepool Partnership's Annual Strategic Assessment and public consultation.

The plan, submitted as an appendix to the report, set out the Partnership's strategic objective for 2020/21 and the key priorities that the Partnership will focus on. The Safer Hartlepool Partnership strategic objective for 2020-21 would be "To make Hartlepool a safe, prosperous and enjoyable place to live, work and visit".

The key priorities for the Partnership in 2020/21 are:

- Drugs and Alcohol;
- Anti-social Behaviour; and
- Domestic Violence.

It was reported that the proposed plan had been subject to an eight-week public consultation exercise.

The following decision was agreed without dissent.

Decision

That in accordance with the budget and policy framework, Finance and Policy Committee refers to full Council for adoption the Community Safety Plan 2020-2021.

50. **Financial Position Update 2020/21 to 2022/23** (*Director of Resources and Development*)

Type of decision

Budget and Policy Framework.

Purpose of report

The purpose of the report was to provide updates on:

- i) the forecast 2020/21 General Fund outturn;
- ii) the financial impact of Covid-19;
- iii) General Fund budget 2021/22 and 2022/23.

Issue(s) for consideration

The Director of Resources and Development provided the Committee with a detailed update on the financial position of the Council in the current financial year and the position for the following two financial years.

The Director highlighted some of the key issues included in the recent Spending Review announced by the Chancellor of the Exchequer which outlined the key elements to be included in the Local Government Settlement, though the provisional settlement was not likely to be announced until the week commencing 14 December and a further detailed report would be submitted to the Committee at its January meeting.

The Director highlighted the following key issues from the Chancellor's statement:

- The Chancellor estimated a 4.5% (£2.2bn) increase in core spending power but £1.2bn (55%) of this related to increased income from a 2% core council tax increase and a 3% Adult Social Care precept, i.e. a 5% total increase. There may be flexibility to defer the Adult Social Care precept increase from 2021/22 to 2022/23.
- Nationally, only £300m of new grant had been made available for children and adult social care; it had been hoped for £1bn. The £300m was made up of £150m new money and £150m from the New Homes Bonus pot with the 3% Adult Social Care precept providing £700m to give the headline £1bn.
- It had been hoped Hartlepool could have received £2.2m from an increased grant but this now looked likely to be only £700,000. Non-pay inflation within Children's and Adults Social Care in Hartlepool was £650,000 so there was effectively nothing to address the £2.5m demand pressures.
- Government's Council Tax policy effectively nationalised Council Tax increases and continued the funding shift to local tax payers.
- The Public Sector Pay Pause did include some uplift for the lowest paid and a less than forecast increase in the National Living Wage; based on

MTFS expectations these could provide savings of £400,000 and £800,000 respectively.

- Grants increases were forecast to increase by 0.5% providing an additional £200,000.
- Taking the above into account the predicted deficit was now forecast to be just below £4m based on a 2% indicative Council Tax increase. This deficit could be reduced by £1.2m if the Council Tax was increased to the total national referendum limit.
- Confirmation of funding for Homelessness, the new Domestic Abuse Bill and the continuation of the Troubled Families Programme were welcome but details of the actual funding allocations were awaited.
- In relation to funding around the Covid-19 Pandemic the Director indicated that with the allocations received and the announcements in the Chancellor's Statement, Hartlepool had effectively received funding to match its expenditure and forecast income losses.
- The Chancellor announced the new Levelling-up Fund; details of the bidding process for this £4bn had yet to be announced.

The Director concluded that the budget process for 2021/22 would be extremely difficult and would provide the financial foundation for future year's services.

The Chair noted that no decisions were being required of Elected Members at this meeting. The Chair expressed his disappointment at the announcement on the Social Care Grant with the proposal that 70% of the Government's headline announcement was passed to local authorities to raise through the Adult Social Care Precept.

The Chair proposed two additions to the recommendations in the report: -
(i) That the Committee write to the Treasury, the Minister for Housing, Communities and Local Government and the town's Member of Parliament protesting the decision not to fully fund the £1bn Adult Social Care requesting that they re-visit their decision on the funding of Children's and Adult Social Care.

(ii) That as part of the current budget setting process meaningful public consultation be undertaken with the Council Tax payers of Hartlepool on their views of a proposed 3% increase in the Adult Social Care Precept. These were seconded by Councillor Smith.

Members discussed the issues around unemployment and how much this had risen in Hartlepool during the pandemic and how those paying council tax were being further burdened. The Director stated that this had been monitored through new claimant eligibility for Local Council Tax Support (LCTS) which had increased by 8% compared to last year. The problem created around furloughing of jobs that may be in businesses that may not survive in the longer term was yet to come through. The Director expressed his concern that the recovery may take longer than anticipated due to the Pandemic impact being longer than expected.

A Member suggested that the government needed to provide a two-year or longer funding agreements and that this should be added to the letter.

Members discussed issues around care costs in the market in general. The Director commented that there were still pressures in the local and regional market. The number of children in care was also discussed. The Director of Children's and Joint Commissioning Services stated that there were 357 children in care which equated to a medium sized primary school. An Elected Member questioned whether the Adult Social Care Homes premium was still being paid. The Director of Adult and Community Based Services stated the payments had ceased on 1 November due to new funding coming through from central government.

A Member questioned the impact of not agreeing a 2% Council Tax increase while accepting the 3% Adult Social Care Precept increase proposed by Government. The Director of Resources and Development stated that the difference between a 2% and 3% Council Tax increase was additional recurring income of £400,000. The following decision was agreed without dissent.

Decision

1. That the report be noted;
2. The Committee noted that a further update would be provided after the Government issue the 2021/22 Provisional Local Government Finance to update the financial forecast and enable Members to determine the budget proposals to be recommended to Council.
3. That the membership of all Policy Committees be invited to the Finance and Policy Committee meeting in January 2021;
4. The Committee noted that owing to the impact of Covid income from fees and charges is not anticipated to return to the pre-Covid level until the end of 2021/22 and therefore approve the proposal to build a full review of fees and charges into the 2022/23 budget process.
5. That the Committee write to the Treasury, the Minister for Housing, Communities and Local Government and the town's Member of Parliament protesting the decision not to fully fund the £1bn Adult Social Care requesting that they re-visit their decision on the funding of Children's and Adult Social Care.
6. That as part of the current budget setting process meaningful public consultation be undertaken with the Council Tax payers of Hartlepool on their views of a proposed 3% increase in the Adult Social Care Precept.

51. COVID-19 Recovery and Renewal Plan and Council Plan 2020-23 Update *(Managing Director)*

Type of decision

Budget and Policy Framework (Council Plan) and for information update on a previous Key Decision (COVID-19 Recovery and Renewal Plan).

Purpose of report

The purpose of the report was to provide an update to Elected Members on the progress made so far in delivering the COVID-19 Recovery and Renewal Plan as agreed by Finance and Policy Committee on 13th August 2020. The report also outlined a proposal to undertake further work to develop the new Council Plan before taking it forward to Council for adoption before the end of the 2020/21 municipal year.

Issue(s) for consideration

The Managing Director provided the Committee with an update on the work to develop the new Council Plan and the progress of the COVID-19 Recovery and Renewal Plan. The Managing Director indicated that it was anticipated that the new Council Plan would be submitted to Members before the end of the current Municipal Year.

Members thanked the Managing Director for the update and recorded their thanks to all staff for their work in maintaining services and delivering new services during the Pandemic. The Managing Director thanked Members for their comments and added that the pressure of the Pandemic was having a huge impact on staff and resources.

The following decision was agreed without dissent.

Decision

1. The Committee noted the progress made at the end of October 2020 on the delivery of the COVID-19 Recovery and Renewal Plan;
2. The Committee noted the intention to bring regular progress reports on the delivery of the COVID-19 Recovery and Renewal Plan to Finance and Policy Committee;
3. The Committee approved the proposal to review the proposed Council Plan 2020-23 and update it to reflect the impact of the pandemic on the Borough and the proposed timescales for adoption of the Council Plan.

52. Council Tax Base and Section 106 Policy *(Director of Resources and Development)*

Type of decision

Budget and Policy Framework.

Purpose of report

To provide information requested at Finance and Policy Committee on 13th August 2020 in relation to the Council Tax base and Section 106 policy.

Issue(s) for consideration

The Director of Resources and Development reported on the Council Tax Base for 2020/21 which was set out in an appendix to the report. The report also reflected the change in the Council Tax Base since 2004/05 particularly in relation to the numbers of higher band (Bands E to H) homes in the Borough.

The report also set out the amounts of Planning Obligations, S106 Agreement, contributions agreed with developers between 2015/16 and 2019/20, around 71% (£3.189m) of which related to affordable housing.

Decision

That the report be noted.

53. Re-Procurement of Tees Integrated Sexual Health Service *(Director of Public Health)*

Type of decision

Key Decision. General Exception Notice applies.

Purpose of report

To seek approval for Hartlepool to be part of a re-procurement of a Tees integrated sexual health service with a view to commence the new service on 1st August 2021.

Issue(s) for consideration

The Director of Public Health reported that in August 2016, sexual health services were re-commissioned to deliver integrated services across Teesside for 5 years with an option to extend for two 24 month periods. Virgin Care Services Ltd. was the successful bidder but they have recently rejected the offer of a 12 month extension to the contract resulting in the collaborative commissioners moving to procure a new service.

On Teesside, open access sexual health services were commissioned by six different commissioning bodies (Hartlepool BC, Middlesbrough BC, Redcar and Cleveland BC, Stockton-on-Tees BC, NHS Tees Valley Clinical Commissioning Group (formerly South Tees Clinical Commissioning Group and Hartlepool and Stockton Clinical Commissioning Group) and NHS England. Services were seamless at the point of delivery to patients.

Recent changes in public health outcome performance and COVID-19 had driven the need to change the service model. In order to achieve this the Tees Sexual Health Needs Assessment had been refreshed alongside the collation of views sought from stakeholders. A service performance review and a recent piece of research to understand market appetite had led to a revised service specification being developed.

It was proposed, therefore, that Hartlepool Borough Council along with collaborative commissioning partners commission the new service model. The new contract would be in place for 1 August 2021.

A Member questioned the work around the reduction of under 18s pregnancies and how this work would be delivered collaboratively. The Director stated that based on current performance this was an area of concern and all partners were working on how the new contract would deliver this work across the area.

The following decision was agreed without dissent.

Decision

That approval be given to Hartlepool being part of a re-procurement of a Tees integrated sexual health service with a view to commencing the new service on 1st August 2021.

54. HME/NMRN/HMS Trincomalee Review *(Director of Resources and Development)*

Type of decision

Key Decision - Special Urgency Notice Applies.

Purpose of report

To seek approval to amend the existing agreements with the National Museum of the Royal Navy (NMRN).

Issue(s) for consideration

The Director of Resources and Development reported that when it was agreed to transfer of Hartlepool Maritime Experience to the NMRN in 2016, a subsidy was to be paid on a sliding scale for the first five years following transfer as set out in the Confidential Appendix to the report. The appendix

contain exempt information under Schedule 12A of the Local Government Act 1972, (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, information relating to the financial or business affairs of any particular person (including the authority holding that information).

As a consequence of COVID-19 the operation of the site has been adversely impacted and its viability questioned. Without continued support over this period there is a likelihood that NMRN would seek to exercise their break clause and terminate their tenancy. It was proposed, therefore, to extend the period in which the NMRN can exercise the existing break clause in the lease; and extend the payment of a subsidy for a further 12 months from the Council.

The extension of the break clause and of the subsidy would afford the NMRN with the support and time necessary to put in place a suitable recovery plan to ensure the long term viability of the site. The existing legal agreements would require amendment to reflect the decision of committee.

Members agreed that it was important to continue the partnership with the NMRN and that the proposal was agreed without dissent.

Decision

1. That approval be given to the extended subsidy on the basis of the terms set out in the Confidential Appendices to the report. The appendices contain exempt information under Schedule 12A of the Local Government Act 1972, (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, information relating to the financial or business affairs of any particular person (including the authority holding that information).
2. That approval be given to vary the terms of the existing lease and extend the availability period of the break clause from 3 June 2021 to a revised date of 3 June 2022.

55. Allocation of the Community Pot *(Director of Adult and Community Based Services)*

Type of decision

Non-key decision.

Purpose of report

To seek agreement from the Finance and Policy Committee regarding the criteria and allocation process for the Community Pot.

Issue(s) for consideration

The Director of Adult and Community Based Services reported that a decision had been taken at the meeting on 13 August 2020 to create a Community Pot to support COVID19 recovery. The Community Pot was created utilising the balance of New Burdens funding, an element of the Family Poverty Reserve, an underspend on ward Member budgets and the uncommitted balance of the Local Authority Emergency Assistance Grant for food and essential supplies giving a total of £225,000. The Committee approved the expenditure of £25,000 earmarked to support a programme of activities for Young People and delegated authority to the Chief Executive in consultation with the Chair of Finance and Policy Committee to approve the use of this fund and that the proposal for the remaining £200,000 would come back to this Committee. Details of the two Young Peoples schemes were set out in the report and these included £10,000 to provide sail training for vulnerable young people on the Black Diamond through the company Sailing North East and £15,000 to supplement the existing Sport England funded 'Family Fund' project.

Detailed criteria for the use of the remaining Community Pot funds were set out in the report. A brief application form had been developed (attached as an appendix to the report) which would be circulated to VCS (Voluntary Community Sector) organisations early in December, subject to the criteria reported being approved. Organisations will be able to apply for funding of £20,000 to £200,000. The lower limit is proposed to ensure that the funding available is sufficient to have an impact and to avoid the administration of the funding becoming a disproportionate burden. The higher limit is proposed to allow VCS organisations to work collaboratively on ambitious projects that will potentially have a greater impact; any bids over £50,000 will need to provide evidence of collaboration between two or more VCS organisations and a single award of £200,000 would only be made if there was evidence of a sustainable VCS partnership working on town wide priorities.

Applications would be requested with a closing date in early January with a panel of officers and partners considering the applications before reporting recommended schemes to Finance and Policy Committee for consideration and approval.

The Chair and Members fully endorsed the proposal.

The following decision was agreed without dissent.

Decision

That the proposed criteria and allocation process for the Community Pot be approved and that further reports regarding the proposed projects and subsequent outcomes achieved be reported to the Committee in line with the process detailed in the report.

56. Corporate Procurement Quarterly Report on Contracts *(Chief Solicitor)*

Type of decision

For information only in accordance with the Council's Contract procedure Rules within the Constitution.

Purpose of report

To satisfy the requirements of the Council's Contract Procedure Rules with regard to the Finance and Policy Committee:

- Receiving and examining quarterly reports on the outcome of contract letting procedures including those where the lowest/highest price is not payable/receivable.
- Receiving and examining reports on any exemptions granted in respect of the Council's Contract Procedure Rules.

Issue(s) for consideration

The Chief Solicitor reported on the Contracts awarded by the Council in accordance with Contract Procedure Rules for the period July to October 2020

Decision

That the report be noted.

57. Dry Recycling Contract: Examination of Future Options *(Director of Neighbourhoods and Regulatory Services)*

Type of decision

For information.

Purpose of report

The Committee was requested to note the requirement to tender for the dry recyclable contract.

Issue(s) for consideration

The Director of Neighbourhoods and Regulatory Services reported that the Council's current kerbside collection method is co-mingled glass, paper, cardboard, plastic, metals all in one bin, which is an extremely safe and cost effective collection method. The contract for sorting, processing and sale to end markets of the Council's kerbside collected dry recyclable materials is currently with Palm Recycling Limited.

This contract was initially for three years, with an additional two one year extensions and the contract had been extended to the first of those possible extensions, which expires at the end of March 2021. This extension had been agreed in December 2019 with Palm Recycling Limited.

Discussions had taken place with Palm Recycling Limited to extend the contract into its final year, however, due to the implications of Covid and the company's move to a new business model in dealing with recyclable materials, it was unlikely that an agreement would be reached.

It was proposed that a new dry recycling contract for the 'sorting, processing and sale of the Council's dry recycling materials' be procured based on the co-mingled arrangements currently in place, which would require a new tender process to be carried out.

A copy of the draft tender documents were submitted in a Confidential Appendix to the report. The appendix contained exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, para 3) information relating to the financial or business affairs of any particular person (including the authority holding that information).

A Member questioned if the new contract proposal included an increase in the types of waste that could be recycled in line with other areas, egg cartons were one example. The Director indicated that this very much depended on the contractor as each tended to have slightly different sorting arrangements.

There was no dissent to the following decision.

Decision

That the Committee notes the requirement for a new dry recycling contract for the 'sorting, processing and sale of the Council's dry recycling materials' which will be undertaken under a co-mingled arrangement.

58. Any Other Items which the Chairman Considers are Urgent

None.

The Committee noted the next meeting would be held on Monday 18 January 2021 commencing at 10.00 am.

The meeting concluded at 11.20 am.

H MARTIN, CHIEF SOLICITOR
PUBLICATION DATE: 10 DECEMBER 2020

HEALTH AND WELLBEING BOARD

MINUTES AND DECISION RECORD

7 September 2020

The meeting commenced at 10 a.m. and was an online remote meeting in compliance with the Council Procedure Rules Relating to the holding of Remote Meetings and the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority Police and Crime Panel Meetings) (England and Wales) Regulations 2020

Present:

Councillor Moore, Leader of Council (In the Chair)

Prescribed Members:

Elected Members, Hartlepool Borough Council – Councillors Buchan and Harrison (as substitute for Councillor Thomas)

Representatives of NHS Tees Valley Clinical Commissioning Group – Dr Nick Timlin and Martin Short (as substitute for David Gallagher)

Acting Director of Public Health, Hartlepool Borough Council – Craig Blundred
Director of Children's and Joint Commissioning Services, Hartlepool Borough Council – Sally Robinson

Director of Adult and Community Based Services, Hartlepool Borough Council, Jill Harrison

Representative of Healthwatch – Christopher Akers-Belcher (as substitute for Margaret Wrenn)

Other Members:

Managing Director, Hartlepool Borough Council – Denise McGuckin

Director of Neighbourhoods and Regulatory Services, Hartlepool Borough Council – Tony Hanson

Assistant Director of Joint Commissioning, Hartlepool Borough Council – Danielle Swainston

Representative of Tees, Esk and Wear Valley NHS Trust – Dominic Gardner

Representative of North Tees and Hartlepool NHS Trust – Hilton Heslop (as substitute for Deepak Dwarakanath)

Representative of Hartlepool Voluntary and Community Sector – Nicola Haggan (as substitute for Tracy Woodall)

Representative of GP Federation – Fiona Adamson

Also in attendance: - Ann Baxter, Independent Chair, Teesside Safeguarding Adults Board.

Edwin Jeffries, Branch Secretary, UNISON Hartlepool.

Officers: Julia Bates, Deputy Director of Public Health
Ian Holtby, Public Health Consultant
Dean Langstaff, Public Health Intelligence Analyst
Joan Stevens, Statutory Scrutiny Manager
Amanda Whitaker, Democratic Services Team

7. Apologies for Absence

Elected Members, Hartlepool Borough Council - Councillors Thomas and Ward

Representative of NHS Tees Valley Clinical Commissioning Group – David Gallagher

Representative of Healthwatch – Margaret Wrenn

Representative of North Tees and Hartlepool NHS Trust –Deepak Dwarakanath)

Representative of Hartlepool Voluntary and Community Sector – Tracy Woodall

8. Minutes

The minutes of the meeting held on 26 June 2020 were confirmed.

The minutes of the meeting of the Outbreak Control Engagement Working Group held on 27 July 2020 were approved and adopted.

9. Teeswide Safeguarding Adults Board Annual Report 2018/19 and Strategic Business Plan 2020/21 *(Director of Adult and Community Based Services and Independent Chair of Teeswide Safeguarding Adults Board)*

The Chair of the Teeswide Safeguarding Adults Board presented the Safeguarding Board's annual report for 2018/19 and the strategic business plan for 2020/21; both documents were appended to the report. The statutory requirements to produce the documentation was highlighted. It was noted that work is currently underway to finalise the Annual Report for 2019/20. The Chair advised that it had been a positive year and that colleagues had worked well collaboratively to meet the objectives of the business plan. The Director of Adult and Community Based Services joined the chair in updating the Board from a Borough perspective and stressed the importance and benefits of joint working with other partners.

Members welcomed the contents and structure of the annual report. Members discussed issues arising from the report including the Safe Place Scheme and safeguarding arrangements during the Covid pandemic. In response to concerns expressed regarding potential overlap in data categorisation,

assurances were provided that data was coded by specialist safeguarding professionals.

Decision

The Board endorsed the Teeswide Safeguarding Adults Board Annual Report 2018/19 and the Strategic Business Plan 2020/21.

11. Better Care Fund Update *(Director of Adult and Community Based Services)*

The report provided the background to the Better Care Fund reporting arrangements and summarised the national conditions and performance measures. Performance reports were submitted to NHS England on a quarterly basis. The Quarter 4 return covering the period January-March 2020 had been submitted in July 2020 and had confirmed that all national conditions continued to be achieved. An analysis of performance data had also been provided which was summarised in the report. It was noted that performance was extremely positive with all indicators achieved at the year-end based on available data.

Decision

The Board retrospectively approved the Hartlepool Better Care Fund Quarterly 4 return.

12. Health and Wellbeing Board Terms of Reference - Refresh *(Acting Director of Public Health and Director of Children and Joint Commissioning Services)*

Further to minute 43 of the Board meeting held on 26 June 2020, a refreshed Terms of Reference for the Board was appended to the report. The document included an addendum relating to the Local Outbreak Control Engagement Working Group and a refresh to update factual inaccuracies.

The Acting Director of Public Health responded to clarification sought regarding Engagement with Stakeholders to reflect the NHS Reset Campaign emphasising importance of real engagement in moving forward. Assurances were sought in relation to ensuring that the Tees Esk and Wear Valley Trust (TEWV) was represented on the Engagement Working Group. Board Members recognised the importance of mental health and, whilst TEWV was already included as a potential co-optee on to the Working Group, it was agreed that they would be included as part of the core membership of the Working Group going forward. The Terms of Reference for the Working Group (as appended to the Health and Wellbeing Board Terms of Reference) to be amended accordingly.

The Tees Esk and Wear Valley Trust representative at the meeting reiterated the importance of mental health as a key issue and advised the Board that the Trust had recently made a presentation to the South Tees Health and Wellbeing Board which set out a forecast of the potential impacts of Covid on mental health. The Chair of the Board agreed a suggestion that it would be helpful for this Board to receive that presentation at the next meeting of the Board.

Decision

That the refreshed Terms of Reference be approved, with the addition of TEWV as a core member of the Engagement Working Group.

13. Coronavirus in Hartlepool - Update Presentation *(Acting Director of Public Health)*

Further to minute 44 of the meeting held on 26th June 2020, the Board received an updated presentation by the Acting Director of Public Health on the ongoing coronavirus situation in Hartlepool at 6 September 2020. The following issues were addressed in the presentation:-

- Hartlepool and UK Covid 19 cases rate per 100,000 population
- Weekly Covid cases comparison between rate in England and Hartlepool
- Covid cases rolling averages
- Hartlepool and England Covid 19 related death rates per 100,000 population
- Geographical locations of Covid cases in Hartlepool

The Board expressed concerns at the Covid 19 rates which were higher than the England average and discussed issues arising from the presentation including the wearing of masks and enforcement issues. The Acting Director highlighted the challenges associated with enforcement. The Community Cohesion approach was discussed and it was highlighted that it was intended to work with communities through the Engagement Board.

The representative of the GP Federation updated Board Members on the support that was available in the Borough in terms of the following:-

- A specialist 'Hot Clinic' had been commissioned to the end of March 2021 to support coronavirus patients and reduce the pressure on GP surgeries.
- Part of a NHS pilot known as a 'Virtual Ward' which allows the monitoring of patients remotely. The importance of data sharing was highlighted to ensure that as many people as possible had the offer for remote support.
- From 14th September 2020, part of NHS England pilot so anyone booked into a 'Hot Clinic' will be able to be tested on site. It was,

however, highlighted that this would not replace the testing referred to earlier in the meeting by the Acting Director.

The Chair of the Board expressed appreciation to the Acting Director for the presentation and thanked the Federation representative for the additional information conveyed to the Board.

Decision

The Board noted the contents of the presentation.

14. Former Hartlepool and Stockton on Tees Clinical Commissioning Group Annual Report 2019/20 *(Director of Commissioning, Strategy and Delivery)*

The report set out an overview of the 2019/20 Annual Report of former Hartlepool and Stockton-on-Tees Clinical Commissioning Group (CCG). Report highlights were detailed in the report and the salient issues were presented to the Board by the CCG representative.

Decision

The Board noted the content of the Annual Report.

15. Annual Report of the Director of Public Health - 2019 *(Acting Director of Public Health)*

In accordance with the Health and Social Care Act 2012, an Annual Report had been written for 2019 which was presented to the Board by the Acting Director of Public Health. The theme of the 2019 Annual Report was 'Obesity Prevention and Physical Activity in Hartlepool'. The Annual Report was presented in an electronic format which could be accessed via a link included in the report to the Board.

Board Members commended the report and the innovative approach in which the report had been presented.

Decision

The Board noted the report and its conclusions.

Meeting concluded at 11.20 a.m.

CHAIR

FINANCE AND POLICY COMMITTEE

25th January 2021



Report of: Director of Resources and Development

Subject: MEDIUM TERM FINANCIAL STRATEGY (MTFS)
2021/22 AND 2022/23

1. TYPE OF DECISION/APPLICABLE CATEGORY

Budget and Policy Framework.

2. PURPOSE OF REPORT

- 2.1 The purpose of this report is to enable Members to approve the MTFS proposals, including the 2021/22 recommended Council Tax level, to be referred to Council.

3. BACKGROUND AND SPENDING REVIEW 2020

- 3.1 Previous MTFS reports advised Members that councils had faced nine years of austerity up to 2019/20. This includes the period since 2013/14 when significant changes to the national funding system were made, including transferring responsibility for Public Health and Local Council Tax Support to councils. Nationally these changes significantly reduced Government grant allocated to councils and increased reliance on Council Tax, including the introduction of the Adult Social Care precept in 2016/17.
- 3.2 Previous Government grant cuts had a disproportionate impact on more deprived areas, including Hartlepool. These areas also have a lower Council Tax Base (i.e. higher than average proportion of properties in Band A and B) and therefore have had less ability to offset Government funding reductions from Council Tax increases.
- 3.3 In addition, to the net reduction in resources, the Council also had to manage recurring budget pressures arising from pay awards, the national living wage, inflation and increased Children's Social Care costs. The Council has addressed the recurring reduction in resources and increased costs from a combination of efficiencies and cuts. Over the nine years up to 2019/20 the Council removed 500 jobs - a reduction of 20%. The cuts and efficiencies made in previous years cannot be repeated, which means balancing future budgets will be even more challenging.

3.4 **Spending Review 2020**

3.5 The Chancellor presented a one year Spending Review for 2021/22 on 25 November 2020. The Chancellor advised Parliament that the Covid pandemic and the Government's response would increase public sector borrowing by £394 billion – the highest peace time borrowing. To put this figure into context;

- it is nearly three times the NHS annual budget; or
- approximately twice the annual amount raised from income tax.

3.6 The Chancellor also reported:

- that in the three months up to September unemployment had increased by 314,000 – the highest three month increase on record;
- A public sector pay 'pause' in 2021, other than for front line NHS staff;

3.7 In view of the economic uncertainty caused by the pandemic and the unprecedented peace time increase in Government debt it is clear that many difficult decisions will need to be made in the next Spending Review covering the period 2022/23 onwards. Details of the impact on the Council will be reported when known.

3.8 **2020 Spending Review – Impact on Local Government**

3.9 The Chancellor confirmed the Covid financial support package for Local Government, which includes:

- business grants, business rates relief and additional support for households eligible for local council tax support,
- support for additional costs and income losses incurred by councils, and support for collection fund deficits. As reported previously there was significant uncertainty regarding these issues as there have been four funding announcements spread over the period March to October 2020. However, the overall support package is significant and further details are provided later in the report.

3.10 In relation to 2021/22 funding for Local Government the Spending Review confirmed a one year settlement. Further information is detailed in section 4.

3.11 As the Spending Review is only for one year this simply defers the financial uncertainty until 2022/23. Therefore, financial planning beyond 2021/22 remains challenging and this position will not be addressed until clarity is provided by the Government in relation to a number of key national issues, which include:

- Spending Review 2022/23 onwards – the Government will need to develop a plan to address the increase in Government debt. This is likely to be addressed through a combination of public sector spending constraint (other than for priority areas such as the NHS and defence already announced) and tax increases;
- future national funding arrangements to address pressures in relation to Adult Social Care and Children's Social Care, including the Government's proposals to provide a long term strategy to address Adult Social Care funding;
- the detailed arrangements for the delayed longer-term reforms of the Local Government system, including Business Rates retention and the Fair Funding Review;
- the Government's policy in relation to Council Tax, including the Adult Social Care precept, in 2022/23 and future years; and
- sustainability of the improved Better Care funding, Children and Adult Social Care funding and Public Health funding in 2022/23 and future years.

3.12 Local Government is unlikely to be a priority area for the Government, despite the Covid pandemic confirming the key role councils have in delivering services and the additional responsibilities the Government passed to the sector to deliver. Further updates on these issues will be submitted to future meetings when more information becomes available.

4. 2021/22 GENERAL FUND BUDGET

4.1 The 2021/22 provisional Local Government Finance settlement was issued on 17 December 2020 and confirmed the following issues

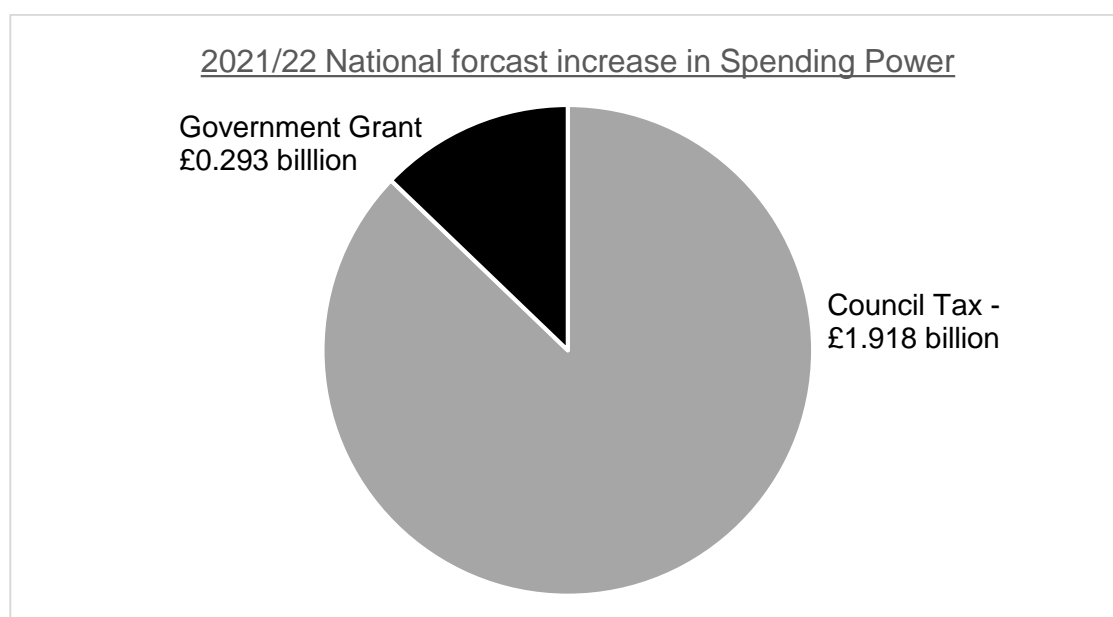
- **Core Spending Power**

The press statement issued by the Secretary of State for Housing, Communities and Local Government Secretary, Rt Hon Robert Jenrick MP, stated:

- "Councils across England will receive £51.2 billion next year – an increase of £2.2 billion from last year. This financial package provides councils with additional resources to deliver effective local services and continue to support their communities during the pandemic, while protecting council tax payers from excessive increases.
- It includes a £2.2 billion increase in core funding – including £1 billion increase in social care funding to ensure councils can meet

rising demand, fund more care home places and social workers, and protected some of the most vulnerable in society”.

The press statement also indicated the national core funding increase provides “an estimated **4.5%** cash-terms increase”. An Institute of Financial Studies (IFS) analysis of Government figures shows that **87%** (£1.918 billion) of the core funding increase will come from Council Tax. This position reflects the Government’s financial planning assumption that all councils will increase Council Tax and implement the Adult Social Care precept to the referendum levels they have set.



For Hartlepool the Government’s figure is a **4.1%** cash-terms increase and an assumption that **80%** of this increase will be funded from a Council Tax and the Adult Social Care precept. Hartlepool’s figures are lower than the national figure owing to the lower ability to raise additional income from Council Tax. This is not fully offset by the resource equalisation included in the formula for distributing the 2021/22 Social Care grant.

If councils do not implement Council Tax rises in line with the national referendum limit the increase in core spending is only **0.6%** (£0.293 billion) - compared to the Government’s headline figure of **4.5%**. This underlines the impact of the Government’s Council Tax policy for 2021/22 on core funding, as summarised below:

Government's 2021/22 forecast Core Funding increase

Government forecasts for Hartlepool		National forecasts
£2.953 million	Increase Council Tax income	£1.918 billion
	Includes Adult Social Care precept.	
£0.873 million	2021/22 Social Care grant	£0.300 billion
(£0.139 million)	Net decreases in other grants (national increase in grants £0.278 billion less national decrease in New Homes Bonus £0.285 billion).	(£0.007 billion)
£3.687 million	Government's total forecast increase in core funding	£2.211 billion
4.1%	Percentage increase in forecast core funding	4.5%
80%	Percentage of core funding increase funded from Council Tax increase and Adult Social Care precepts	87%

The Government's reliance on Council Tax and the Adult Social Care precept to increase net core funding has existed since 2015/16. As summarised below this has resulted in a fundamental shift in the make-up of funding:

National changes in core funding 2015/16 to 2021/22 forecast

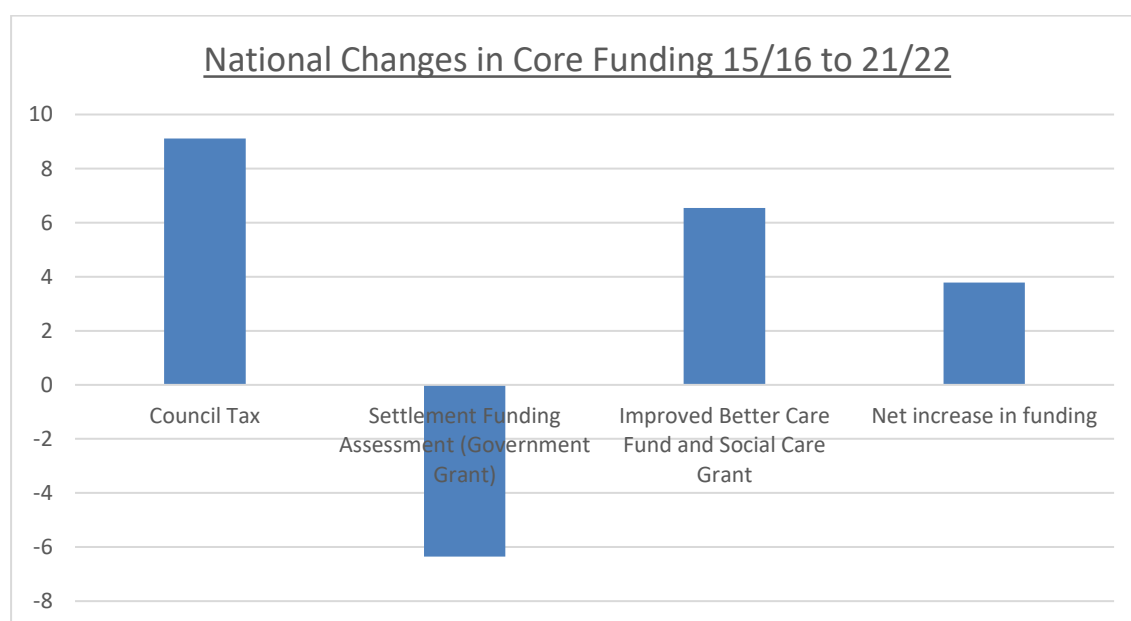
	2015/16	2021/22	
Council Tax	49%	61%	Increase
Government Grants	51%	32%	Decrease
Improved Better Care Fund and Social Care Grant	0%	7%	New funding stream
Total Core Funding	100%	100%	

Based on Government figures the proportion of Hartlepool's core funding coming from Council Tax and the Adult Social Care precepts has increased from **38%** in 2015/16 to **49%** in 2021/22.

The proportion of Hartlepool's core funding coming from the Improved Better Care Fund and Social Care Grant is **9.7%**. This is higher than the national percentage as the distribution formula has included an element of weighting for deprivation and the lower Council Tax base.

To provide additional context to these changes the following graph shows that between 2015/16 and 2021/22:

- Council Tax income (including the Adult Social Care precept) has **increased by £9.109 billion** – i.e. from £22.036 billion in 2015/16 to £31.145 billion in 2021/22;
- Settlement Funding Assessment (Government Grant) has **decreased by £6.329 billion** – i.e. from £21.250 billion in 2015/16 to £14.921 billion in 2021/22;
- Nearly **70%** of the increase in Council Tax income has effectively been needed to offset the reduction in Settlement Funding Assessment.



- **Social Care grant 2021/22 and Adult Social Care precept**

The settlement potentially provides additional national funding of £1 billion consisting of £0.7 billion if all Councils implement the full 3% Adult Social Care precept and £0.3 billion grant.

The grant is un-ringfenced and can either be used for Children or Adult social care. The grant consists of £0.15 billion re-allocated New Homes Bonus funding and £0.15 billion new funding.

Hartlepool will receive **£0.873m** from the £300m national allocation.

The grant formula also reflects the ability of councils to raise different amounts from the Adult Social Care precept owing to differences in the Council Tax base – i.e. proportion of properties in the eight Council Tax bands. However, the split of the total funding between the Adult Social Care precept and grant does not recognise that for many councils, including Hartlepool, the significant pressure is in relation to Children Social Care, which is not funded from the Adult Social Care precept. Consequently, the national funding system is not providing sufficient resources for Children's Social Care pressures, which is the main local budget pressure.

The additional potential support for Children and Adult Social Care in 2021/22 is much less generous than in 2020/21, despite the pandemic increasing pressures. In summary:

- the additional national grant in 2021/22 is **70%** less than in 2020/21;
- the lower 2021/22 additional grant significantly reduces the Government's ability to equalise resources between areas;
- there is increased reliance on councils implementing the Adult Social Care precept;
- the total additional forecast resources for 2021/22 is **50%** less than the increase for 2020/21.

Comparison of 2020/21 and 2021/22 additional Social care Funding

	2020/21	2021/22	Increase / decrease
Grant funding - Children & Adult Social Care #	£1.0 billion	£0.3 billion	70% decrease
Forecast Adult Social Care precept	£0.5 billion	£0.7 billion	40% increase
Total	£1.5 billion	£1.0 billion	50% decrease

The 2020/21 grant will continue in 2020/21.

• **Council Tax Referendum limit 2020/21**

The provisional settlement confirmed a 2% core Council Tax referendum limit, plus a 3% Adult Social Care precept. The core limit is year specific to 2021/22. The Government's regulations enable all or part of the Adult Social Care precept to be deferred from 2021/22 to 2022/23.

- **New Homes Bonus (NHB) 2020/21 allocations**

The Government has confirmed that for 2020/21 legacy payments will be made for 2018/19 and 2019/20, plus the 2021/22 allocation. There is no legacy payment for 2020/21. This confirms the position reflected in the MTFS forecasts and the Council will receive £0.349m.

The Government has indicated they will consult on the future of the NHB regime for 2022/23 and details will be reported when known.

- **2021/22 Covid-19 Expenditure Pressures Grants**

In a separate document published alongside the provisional settlement the Government announced a final allocation for local authorities of £1.55 billion of additional un-ringfenced funding for Covid-19 expenditure pressures. The Council has been allocated £3.178m. This is in addition to the four tranches of funding provided during 2020/21 and the Government has indicated this is the final Covid grant they will pay to councils.

This is one off funding outside the provisional settlement and the Government expects the funding to be focused on Covid pressures impacting on adult social care, children's services, public health services, households waste services, shielding the clinically vulnerable, homelessness and rough sleeping, domestic abuse, managing excess deaths, support for re-opening this country and the additional costs associated with the local election in May 2021.

As the impact of Covid continues to change, including the impact of the statement made by the Prime Minister on 4th January 2021 regarding the new variant of the virus and the resulting further restrictions, it is unclear what level of additional service demands and costs the Council will face during 2021/22 and 2022/23 against this grant.

Therefore, at this stage it is recommended that no commitments are made against this grant and the position is monitored closely. It is also recommended that any detailed proposals for using this grant are reported to Finance and Policy Committee for consideration and approval.

In the event that there are no additional service and financial pressures over and above those already recognised in the 2021/22 budget forecasts, particularly in relation to Children's Social Care, this grant could be used to replace use of the Council's own reserves. This strategy would then put the Council in a better financial position to manage future financial challenges and risks, which will help mitigate the ongoing financial impact of Covid on the Council.

4.2 The following table summarises the impact of the provisional settlement on the deficit reported in November. These figures have been adjusted to

remove the indicative 2% Council Tax increase, as this has been superseded by the Government's recently announced Council Tax referendum limits and this issue is dealt with in paragraph 4.4

2021/22 Forecast and Actual Budget Deficit

Forecast reported 30.11.20 £'m		Actual £'m
1.301	Forecast Deficit Reported February	1.301
0.870	Add – Removal of indicative 2% core Council Tax increase	0.870
0.400	Add - Recurring impact of April 2020 National Pay Award	0.400
0.760	Add - Reduction in Forecast Housing Growth	0.760
2.642	Add - Budget Pressures (Note 1)	2.642
0	Less – Forecast reduction in provision for a national pay award and reduced National Living Wage increase	(1.104)
(2.200)	Less – Potential / Actual 2021/22 New Social Care Government Grant	(0.873)
0	Add – December Settlement grants of £27.472m which is 5172551,000 lower than forecast.	0.051
3.773	Sub Total – Recurring Deficit	4.047
1.150	Add - Forecast 21/22 Income Shortfalls (Note 2)	1.150
4.923	Revised Total Deficit – before Council Tax increase and Adult Social Care precept	5.197

Note 1 - The total Children's Social Care budget pressure is £2.517m. The majority of this pressures relates an increase in caseload. The pressure also includes £0.567m for increased staffing capacity which has remained unchanged for the last 3 years. Over this period there has been a significant increase in both the complexity and number of vulnerable children needing support. More children are requiring support at the highest levels of intervention, i.e. subject to child protection plans or in the care of the local authority. This has led to social workers and Independent Reviewing Officers having caseloads that are too high and need to be reduced. Parallel to this, within the safeguarding teams the complexity of need is not compatible with the level of experience of the workforce. When experienced social workers leave posts within the Safeguarding teams, they are replaced with less experienced staff who require more supervision and lower individual caseloads.

An increase in capacity is therefore needed to ensure the Council can retain a highly effective service that keeps children and staff safe. The recommendation is to create additional social worker posts where needed

to create the necessary capacity and thereby reduce caseloads to a safe and manageable level.

The number of children cared for by the Council is approximately 360, which is the highest number of children ever cared for by the Council. To provide some context this is broadly the number of children in a typical primary school.

As reported previously Covid 19 has impacted upon the number of children in care and there has been a net increase as children have continued to become looked after where they are assessed as being at risk of significant harm, however fewer children have left care during this period. The reasons for this are multiple, including the closure of the Family Court leading to delays and a backlog of cases and the need for young people ready to leave care to remain in their placements.

Further work needs to be completed to determine the extent to which this caseload is permanent or temporary, including the time it will take for the Family Court to clear the backlog of cases for Hartlepool and other councils. At this stage it is prudent to make additional budget provision for this level of support continuing in 2021/22, whilst noting further work needs to be completed and will be reported to a future meeting.

The additional new Social Care Government grant, which covers both Children and Adults, is only £0.873m, which means the Council faces a significant funding shortfall.

Note 2 - The overall income shortfall in 2020/21 is higher than initially forecast and this will impact on the shortfall in 2021/22. This position will be partly offset by the continuation of Government grant funding to support 71% of income losses up to 30.06.2021 and a reduction in car park income risks arising from the TVCA two year free parking initiative. For planning purposes the original budget provision remains appropriate and this issue will be monitored separately during 2021/22.

- 4.3 The forecast reduction in the provision for a national pay award reflects the Chancellor's announcement of a pay 'pause' for public sector workers, with the exception of NHS employees and other public sector employees earning below £24,000 who will receive a £250 increase. The removal of this budget provision is based on the assumption that the provisional settlement includes no additional funding for a pay increase and the Chancellor's announcement will be implemented by the National Employers Organisation, which was the case for previous national pay freezes. If this is not the case and there is a national pay award this will need to be funded from in-year budget underspend, if these can be achieved, or from reserves in 2021/22. Permanent additional budget cuts would then need to be made in 2022/23 and these would be determined by the level of any national pay award – each 1% equates to £0.5m.

4.4 Council Tax and Adult Social Care precept 2021/22

4.5 As indicated earlier in the report the Government has set a 2% core Council Tax referendum limit, plus a 3% Adult Social Care precept. The forecasts in the Government's Spending Review and provisional Local Government Finance settlement assume that all councils will implement these increases.

4.6 In financial terms an increase in Council Tax (including the precept) in line with the Government's national referendum limits would provide the greatest level of financial resilience for 2021/22 and future years, as this option:

- secures the highest level of recurring resources;
- defers the lowest level of budget deficit from 2021/22 to 2022/23; and
- provides the highest value of uncommitted Budget Support Fund to manage financial risks and support for the budget in 2022/23 and future years.

4.7 Conversely, a Council Tax freeze with no Adult Social Care precept would provide the least financial resilience for 2021/22 and future years, as this option:

- Reduces recurring income by **£2.135m**, which will need to be replaced by making additional budget cuts in 2022/23;
- defers the highest budget deficit from 2021/22 to 2022/23; and
- provides the lowest value of uncommitted Budget Support Fund to manage financial risks and support for the budget in 2022/23.

4.8 The following table details alternative Council Tax and Adult Social Care precept options and highlights the following key issues:

- The additional recurring income with different levels of Council Tax increase and Adult Social Care precept. If both are increased in line with the national referendum limits this would secure recurring additional income of £2.135m;
- The value of the deficit deferred to 2022/23 with different levels of Council Tax increase and Adult Social Care precept for 2021/22. If Council Tax is frozen and there is no Social Care Precept the deficit deferred is £4.047m.

If the Council Tax and the Adult Social Care precept are set at the Government's referendum limit this deficit would reduce by more than half to £1.912m. This underlines the impact of the Government's national Council Tax policy on the level of resources available to fund local services.

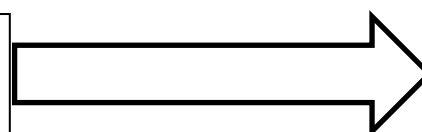
- Uncommitted Budget Support Fund - as detailed in paragraph 7.8 the value of this one off funding, before support for the 2021/22 budget, is £8.628m. At Finance and Policy Committee on 13th August 2020 Members approved using this reserve to support the 2021/22 budget to provide a longer lead time to implement budget reductions, which would be deferred from 2021/22 to 2022/23. The table shows the value of this uncommitted reserve with different levels of Council Tax increase and / or Social Care precept.

Some of this reserve may need to be used in 2021/22 if the Government's public sector pay 'pause' does not apply to local government, although this is expected to be a low risk based on public sector pay freezes in previous years being applied to local government.

Impact of different level of 2021/22 Council Tax increase
and Social Care precept

	Option 1	Option 2	Option 3	Option 4	Option 5	Option 6
Core Council Tax increase	0%	2%	2%	0%	2%	2%
Social Care precept	0%	0%	1%	3%	2%	3%
Recurring Council Tax and Social Care precept income	Nil	£0.854m	£1.281m	£1.281m	£1.708m	£2.135m
Deficit Deferred to 2022/23 ##	£4.047m	£3.193m	£2.766m	£2.766m	£2.339m	£1.912m
Uncommitted Budget Support Fund after support of 2021/22 budget (details 7.9)	£3.431m	£4.285m	£4.712m	£4.712m	£5.139m	£5.566m

Increasing financial sustainability & lower budget cuts deferred to 22/23



these figure all assume the 2021/22 income shortfall is temporary and income returns to pre-Covid levels by March 2022. This forecast will be kept under review.

- 4.9 Further information in relation the robustness of the above options is provided in section 11.
- 4.10 **Appendix A** provides details of the weekly impact on households of the Council Tax and Adult Social Care precept options.

4.11 Adult Social Care precept Consultation outcome

- 4.12 As requested by the Committee public consultation was undertaken in relation to the Adult Social Care precept and 341 responses were received as summarised below:

Consultation questions and responses

1. Do you, or someone close to you, receive support from Adult Social Care?

Response – 75% do not receive support, 22% know someone close to them who receives support and only 3% receive support directly.

2. Do you think that the provision of Adult Social care should be treated in the same way as the NHS and fully funded by Central Government?

Response – 80% think the Government should fund, 10% said no and 10% don't know.

3. Do you think the Government should have provided an additional social care grant of £1 billion for 2021/22 rather than expecting Councils to apply a 3% Social Care precept?

Response – 78% agreed that the Government should provide additional funding, 11% said no and 11% don't know.

4. In the absence of any other funding increase from Central Government what level of Adult Social Care precept would you find acceptable to protect these vital services next year? Please remember that anything less than 3% will mean some services will need to reduce, stop or new fees and charges will need to be introduced.

Response – 52% would support an extra Adult Social Care precept and 48% would not.

Of those people who supported an extra Adult Social Care precept nearly two thirds support an increase of 3%

- 4.13 The consultation responses to questions 2 and 3 support the views previously expressed by Members that the Government should be providing additional funding for Adult Social Care and not relying on the precept. However, as detailed earlier in the report the Government's policy for funding local services in 2021/22 is based on a 2% core Council Tax referendum limit, plus a 3% Adult Social Care precept.
- 4.14 As Members will appreciate consulting on any increase in the amount people will have to pay is challenging as the Council only has a limited ability to explain the reasons for the proposed increase and the consequences of not implementing the increase. In relation to this consultation the Council had not

identified the specific budget cuts that will be necessary if the Adult Social Care precept is not implemented.

- 4.15 In summary the responses to the consultation is one element of the issues that Members need to take into account when finalising the budget recommendations to be referred to Council. As outlined elsewhere in the report the main consideration for Members is the sustainability of the recurring Council Tax income, including the Adult Social Care precept, and the impact this will have on the level of service cuts that will be required in 2022/23.

4.16 Council Tax Collection Fund Deficit 2020/21

- 4.17 As reported previously councils have seen an increase in households eligible for Local Council Tax Support during 2020/21 as result of the economic impact of Covid. This will reduce Council Tax income and this will result in a Collection Fund deficit which will need to be addressed when the 2021/22 budget is set.

- 4.18 There has been considerable uncertainty regarding how councils will address this position and whether the Government would financially support councils. The Government initially announced that 2020/21 Collection Fund deficits could be spread over three financial years. Normally deficits need to be repaid the year after they are incurred.

- 4.19 In a separate announcement to the provisional Local Government Finance Settlement the Government also announced details of a compensation scheme to support councils with Collection Fund deficits.

- 4.20 Under this arrangement, it is anticipated the Council will receive one off funding of £0.729m, towards the 2020/21 Council Tax collection fund forecast deficit of £2.060m. The remaining shortfall will be funded from the four tranches of Covid funding. In overall terms this means the Council Tax Collection Fund deficit will be fully funded from Government grant funding.

4.21 Business Rates Collection Fund Deficit 2020/21

- 4.22 At the time the report was prepared the forecast 2020/21 Business Rates Collection Fund deficit had not been finalised pending the detail of the Government's compensation scheme for these losses. Forecast in year losses will be smoothed over a 3 year period, with the government scheme meeting 75% of the eligible deficit. The remaining 25% will be funded from the main 2020/21 Covid grant, which means this deficit will be fully funded from Government grant funding.

- 4.23 There remains a risk that the actual 2020/21 deficit may be higher than forecast owing to the increased number of appeals submitted by businesses to the Valuation Office Agency (VOA) as a result of the economic impact of Covid. This is a national issues and may result in an increase in the number of outstanding appeals. If these appeals are successful this will increase the 2020/21 deficit and then increase the 75% grant received by the Council. The

remaining 25% will then be funded from the main Covid grant. Dependent on the economic recovery and any structural changes to business sectors (e.g. more on-line shopping / home working) it is possible that increased appeals may be lodged in 2021/22, and this may detrimentally impact on future years Collection Fund position. It is not yet clear if the Government will provide additional funding to compensate for this outcome, or whether councils will have to manage the position themselves. This will be kept under review and may result on a call on the 2021/22 Covid grant detailed in paragraph 4.1.

4.24 **Neighbourhood Services Committee feedback**

4.25 As the MTFs for 2021/22 does not include any saving proposals detailed reports were not referred to individual policy committees. However, on 1st December 2020 the Neighbourhoods Services Committee resolved:

- To request full Council to consider the introduction of an annual ward bulky waste scheme;
- That consideration of an annual ward bulky waste pilot scheme (1 per ward) be referred to the Finance and Policy Committee for consideration as part of the 2021/22 budget considerations.

4.26 There is no provision within the base budget for this service. In previous years some Members approved local initiatives and funded from their Ward Members Budgets, which were removed as part of the 2019/20 budget.

4.27 Two options have been identified to address a bulky waste pilot scheme:

- **Option 1** - the Council could provide 60 free bulky waste collections per ward on a first come, first served basis, which totals 660 in total. The total costs would be approximately £20,000, consisting of additional officer capacity, vehicle and disposal costs of £7,000, and reduced income of £13,000 based on the current arrangement of £20 per collection for three items per household.
- **Option 2** – self funded extension of existing scheme. Under this option the Council would recruit an additional team to support the existing arrangements on a full time basis, which would double the number of paid collections that residents would be entitled to access, and at the same time, reduce the waiting times associated with requests for bulky waste removals. This proposal would support residents throughout the year. This arrangement is expected to be cost neutral to the Council as the income collected from the paid bulky waste collections will offset the costs incurred for additional officer capacity, vehicle and disposal costs operating on a full time basis.

4.28 **Homelessness and Rough Sleeping Funding 2021/22**

The Council has been allocated a Homelessness Prevention Grant of £189,991. This includes £106,034 of recurring funding previously allocated

through different funding streams, which partly funds the Housing Advice and Support Team. The additional funding has been allocated to meet additional requirements in relation to implementation of the Homelessness Reduction Act. Detailed proposals for using this funding will be reported to a future meeting.

- 4.29 Funding for the Government's Rough Sleeping Initiative will continue in 2021/22. Funding allocations had not been announced when this report was prepared, although the Government has stated authorities will receive at least the same level as 2020/21, which for Hartlepool is £53,000.

5. **ONE OFF FUNDING FOR 2021/22 COUNCIL TAX LOSSES AND SUPPORT FOR LOCAL COUNCIL TAX SUPPORT (LCTS) HOUSEHOLDS**

- 5.1 In 2020/21 the Government provided additional one off funding of £500 million to enable Councils to support LCTS households. The funding was all paid to 'billing authorities' to cover the cost of support to LCTS households for the full Council Tax bill, including the fire and police precepts. The support for LCTS households was part of an overall Government package, which also included an additional one off payment of £1,000 to eligible Universal Credit claimants for 2020/21 paid by the Government.

- 5.2 For 2020/21 Hartlepool was allocated £1.864m and by the start of December had committed £1.528m. Further commitments are expected before the end of the financial year and for planning purposes an uncommitted balance of £0.3m will be available to carry forward to 2021/22.

- 5.3 For 2021/22 the Government is providing additional national one off funding of £670m. The formula for distributing this funding will mean these resources are allocated to billing authorities and precepting authorities (fire and police). This position reflects correspondence sent by MHCLG (Ministry of Housing, Communities and Local Government) confirming this un-ringfenced grant is

- "aimed directly at supporting councils to meet the anticipated additional costs of providing Local Council Tax Support in 2021/22, resulting from increased unemployment;
- It will remain for councils to determine the appropriate design of their LCTS schemes next year. MHCLG expect that the funding will benefit economically vulnerable households by enabling councils to continue reducing bills for those least able pay".

- 5.4 The MHCLG correspondence provides councils with the flexibility to determine the most appropriate use of this one off funding and enables councils to address two key factors:

- The continuing impact in 2021/22 of an increase in the number of households eligible for LCTS above the pre-Covid level, which will reduce Council Tax income as less households will be paying full Council Tax.

As reported previously the economic impact of the pandemic is the first economic shock since LCTS became the responsibility of councils in 2013/14. Prior to 2013/14 the increased costs of Council Tax support arising from an economic shock was funded nationally by the Government. It is therefore helpful that the Government has recognised the impact on the cost of LCTS support and are providing additional funding to support councils.

- The potential provision of additional support to households eligible for LCTS and further details are provided in the following paragraphs.

- 5.5 The Council has already determined to maintain the 2021/22 LCTS scheme at 12%, which provides higher support than the other Tees Valley councils; currently 17.5% in one council and 20% in the other three.
- 5.6 Hartlepool has been allocated £1.869m of the national funding. Based on an assessment of the number of forecast eligible LCTS eligible households it is estimated £0.872m needs to be allocated to offset the forecast 2021/22 Council Tax reduction to protect the budget. This amount is reflected in the budget deficit detailed earlier in the report.
- 5.7 After reflecting this commitment the balance of the grant is £0.997m. This amount could be carried forward to 2022/23 to offset the continuation of a higher number of LCTS households, as recovery to pre-Covid levels may be phased over a number of years. This would provide the most robust option for the Council's budget, but would not provide any support to LCTS households during 2021/22, which will be a particularly challenging year for low income households. The forecast deficit for 2022/23 detailed later in the report does not include any support from this grant.
- 5.8 Alternatively, the 2021/22 uncommitted funding, plus the under spend from 2020/21 could be allocated to support LCTS households in 2021/22, through a hardship support scheme as used in the current year. Using the 2020/21 uncommitted resources in this way effectively funds the police and fire element of the 2021/22 support package. Three potential options have been costed and include a contingency provision to manage the risk that LCTS claimant numbers are higher than forecast. As requested by Members the options also include a temporary increase in the 2021/22 Local Welfare Support budget. In summary the three options are as follows and further details are provided in the table below:
- Option 1 – support of £60 – this will cover approximately 35% of the forecast 2021/22 Band A LCTS Council Tax bill;
 - Option 2 – support of £85 – this will cover approximately 50% of the forecast 2021/22 Band A LCTS Council Tax bill;
 - Option 3 – support of £100 – this will cover approximately 60% of the forecast 2021/22 Band A LCTS Council Tax bill;

	Option 1 £60 £'000	Option 2 £85 £'000	Option 3 £100 £'000
Available Funding	1,297	1,297	1,297
Less – Forecast 2021/22 cost of LCTS support	(600)	(850)	(1,000)
Less – Local Welfare Support Allocation The base budget includes a recurring provision of £0.2m. Members may wish to increase this budget on a one-off basis to provide additional support during 2021/22.	(50)	(50)	(50)
Less – Risk Contingency to manage potential higher number of eligible LCTS households If the contingency is not needed the unused resources can be carried forward to support the 2022/23 budget, as it is anticipated there will continue to be a continuing reduction in Council Tax income, although at a lower level than in 2021/22.	(60)	(85)	(100)
Forecast uncommitted resources to support 2022/23 budget, or phase out LCTS support	587	312	147

- 5.9 It is recommended that **Option 2** is adopted as this provides a balance between supporting LCTS households in 2021/22, preparing these households for 2022/23 when there will be no funding to continue this initiative and leaving some resources to support the lower level of Council Tax income in 2022/23.

6. 2022/23 FORECAST DEFICIT

- 6.1 One of the major factors impacting on the 2022/23 budget will be the decision made in 2021/22 in relation to the level of Council Tax and the Adult Social Care precept. This decision will determine the size of the deficit deferred from 2021/22. The higher the increase in Council Tax and Social Care precept in 2021/22 the lower the deficit in 2022/23, as summarised below:

Forecast Deficit 2022/23

	Option 1	Option 2	Option 3	Option 4	Option 5	Option 6
2021/22 Core Council Tax increase	0%	2%	2%	0%	2%	2%
2021/22 Social Care precept	0%	0%	1%	3%	2%	3%
Deficit Deferred from 2022/23	£4.047m	£3.193m	£2.766m	£2.766m	£2.339m	£1.912m
2022/23 Forecast Deficit (Note 1)	£1.592m	£1.561m	£1.545m	£1.545m	£1.529m	£1.514m
2022/23 Total Deficit	£5.639m	£4.754m	£4.311m	£4.311m	£3.868m	£3.426m

Note 1 – these figures reflect the different potential 2021/22 Council Tax and Adult Social Care precept levels and the resulting impact on recurring 2022/23 Council Tax income.

6.2 Details of the planning assumptions and risk assessment underpinning the 2022/23 budget forecast are set out in **Appendix B**.

7. RESERVES

7.1 Over the last three financial years (2017/18, 2018/19 and 2019/20) the Council's total Reserves (excluding the specific ring fenced reserves for the Housing revenue account and Schools) reduced from £45.119m at 31st March 2018 to £35.011m at 31st March 2020, which is a reduction of £10.108m (i.e. 22.4%). This reflected the planned use of reserves to support the revenue budget approved in the previous multi-year MTFS, and the use of earmarked revenue reserves.

7.2 Figures recently published by the Ministry of Housing, Communities and Local Government showed that total councils general fund revenue reserves had increased by £2 billion – an increase of 10% between 31.03.2018 and 31.03.19.

7.3 Comparison for the Tees Valley councils show that three other authorities reduced reserves over this time period by an average 13.7%, with a range of 5% to 19.4%.

7.4 The Council's reserves consists of two elements:

Summary of Total General Fund Reserves 31.03.18 to 31.03.20

	31.03.18 £'m	31.03.19 £'m	31.03.20 £'m
Revenue Grants Unapplied and Earmarked Capital Reserves	14.392	13.035	14.008
Other Reserves	30.727	26.948	21.003
Total	45.119	39.983	35.011

- 7.5 As reported previously Revenue Grants Unapplied and Earmarked Capital Reserves can only be spent in accordance with the funding conditions specified by external funders. If these conditions are not met the grants have to be repaid. The balance held at the year-end relates to schemes / projects which cover more than one financial year. Whilst these reserves have remained broadly stable in total, the make up at the end of each financial year has changed significantly and reflects different funding streams. The remainder of this section concentrates on the Other Reserves, as these resources are directly controlled by the Council.
- 7.6 Since the 31st March 2018 Other Reserves have reduced and there will be a further reduction in the current year as reserves will be used in accordance with decisions approved in previous MTFS as summarised below:

Other Reserves 31.03.18 and 31.03.19 actual and forecast 31.03.20

	31.03.18 £'m	31.03.19 £'m	31.03.20 £'m
Unearmarked General Fund Reserve	4.417	4.417	4.417
Budget Support and Investment Reserve	9.211	10.119	5.137 Note 1
Earmarked Revenue Reserves	15.619	12.412	11.449
Business Rates Safety Net Grant Reserve – balance transferred to Budget Support and Investment Reserve	1.480	0.000	0.000
Total	30.727	26.948	21.003
Percentage reduction from previous year	29.6% Note 2	12.3%	22.0%

1. Includes £0.528m Looked after Children Reserves and £0.096m Business Rates Levy Reserve – both of which will be used in 2020/21.
 2. The percentage reduction for 2017/18 of 29.6% reflects a reduction in these reserves from £43.620m at 31.03.17 to £30.727m.
- 7.7 Detail in relation to the value of the above reserves at 31st March 2020 were included in the Council's audited 2019/20 Statement of Accounts and these details are provided in **Appendix C**.
- 7.8 As endorsed by Finance and Policy Committee in August a single Budget Support Fund Reserve of £8.628m can be established to manage ongoing financial risks and to support the 2021/22 budget, as follows:

Forecast Budget Support Fund – before use to support 2021/22 Budget

Actual Balance 31.03.20 £'m		Forecast Balance 31.03.21 £'m
4.513	<p>Budget Support Fund</p> <p>This is the uncommitted balance of this reserve, which is available to support the budget in 2021/22 and future years.</p>	3.029
2.692	<p>Strategic One off costs reserve</p> <p>This reserves is earmarked to fund potential one off redundancy / early retirement costs. As no staffing reductions are planned for 2021/22 this reserve can be released.</p> <p>However, if staffing reductions need to be made in 2022/23 or future years the resulting redundancy / early retirement costs will need to be funded from this overall reserve.</p>	2.599
0.000	<p>Release of Capital Funding Reserve</p> <p>Established by using revenue savings from Senior Leadership Restructure (£46k) and interest rates savings (£54k) to replace revenue funding of the capital programme with prudential borrowing.</p>	3.000
7.205	Total Budget Support Fund	8.628

- 7.9 As detailed earlier in the report the level of Council Tax and Social Care precept set for 2021/22 will have a significant impact on both the Council's recurring Council Tax income and the level of uncommitted Budget Support Fund, as summarised in the following table. Clearly, the Council's financial resilience and flexibility beyond 2021/22 will be greater with a higher level of uncommitted Budget Support Fund at the end of 2021/22.

Forecast Uncommitted Budget Support Fund at end of 2021/22 –
based on alternative 2021/22 Council Tax and Adult Social Care precepts.

	Option 1	Option 2	Option 3	Option 4	Option 5	Option 6
20/21 Core Council Tax increase	0%	2%	2%	0%	2%	2%
20/21 Social Care precept	0%	0%	1%	3%	2%	3%
Available Budget Support Fund	£8.628m	£8.628m	£8.628m	£8.628m	£8.628m	£8.628m
Less Support of 2021/22 budget (includes £1.150m forecast 2021/22 income shortfalls)	(£5.197m)	(£4.343m)	(£3.916m)	(£3.916m)	(£3.489m)	(£3.062m)
Uncommitted Budget Support Fund 31.03.22	£3.431m	£4.285m	£4.712m	£4.712m	£5.139m	£5.566m

7.10 The Uncommitted Budget Support Fund at the end of 2021/22 will be available to help the Council manage a range of financial risks, including:

- Potential support of the 2022/23 budget, including meeting potential one off redundancy and early retirement costs if further staffing reductions are required, or to provide a longer lead time where full year budget savings cannot be fully realised in 2022/23;
- Potential risks in relation to the delayed implementation of the Fair Funding Review and Business Rate reform until 2022/23, as the new funding system may result in redistribution of resources;
- higher risk of in-year reductions in Business Rates income when the percentage retained increases from 50% to 75%. This is a significantly greater risk for Hartlepool than for other councils owing to the reliance on the Power Station Business rates and the existing planned closure date;
- potential continuing risks that Children's Social Care Looked demand and costs will exceed the recurring base budget;

8. CAPITAL

8.1 National Museum of Royal Navy (NRMN) additional exhibition space

8.2 This scheme, alongside the development of the new leisure facility and public realm, is part of the overall Waterfront Development. Grant funding of £30m has been secured from the Tees Valley Combined Authority (TVCA) towards the cost of these schemes. Officers are currently working on the detailed Businesses Cases to release this funding.

8.3 Whilst there are no risks to this funding being released, as the TVCA have approved the overall funding package, there are risks regarding when funding is available for the NMRN project. To address this issue and to enable the NMRN scheme to progress it is recommended that the Council provides a cash flow loan to the NMRN to the value of the TVCA funding allocated to this scheme of £5m. This amount will be drawn down in installments as work progresses and may not be required if the full TVCA Business Case is completed before this scheme starts on site.

8.4 As a final back stop the Council's financial position will be protected by a separate legal agreement for the cash flow loan which will require full repayment from NMRN if they do not fulfill the TVCA Business Case requirements. This is an extremely low risk as officers are actively working with the NMRN and TVCA to complete the Business Case to drawdown the approved grant funding.

8.5 **Borough Hall / Town Hall / Art Gallery projects**

8.6 The capital programme approved in February 2020 includes the above projects and delivery is dependent on securing external capital grant funding as summarised below:

	Borough Hall £'000	Town Hall Theatre £'000	Art Gallery £'000
Confirmed funding			
- TVCA IGF funding	800	400	0
Potential Funding			
- TVCA Culture and Tourism	800	700	500
- Arts Council/DCMS/ Wolfson	0	0	700
Total	1,600	1,100	1,200

8.7 TVCA has determined that the Cultural and Tourism fund cannot be used for capital schemes and will be used to support the sector recover from the impact of Covid. Therefore, the forecast funding detailed in the above table will not be available.

8.8 The Covid pandemic has had a significant impact on the priorities of external funders and this will make it difficult for the Council to secure the funding previously forecast. This position is unlikely to be clarified for some time.

8.9 In view of the above factors it is recommended that rather than delay all schemes it is that the Council's existing resources of £1.2m are focused on delivery of the Borough Hall capital project.

8.10 Officers will continue to pursue external grants for the Town Hall Theatre and Art Gallery projects and further updates will be provided when more information is available.

8.11 Capital Receipts Target

8.12 Completion of the sale of land at Hart is expected to be achieved early in the new financial year (2021/22) and this will mean capital receipts will exceed the previously set target by £0.680m. This amount has previously not been committed owing to the challenges of achieving the overall capital receipts target.

8.13 The Council approved an ambitious capital programme in December 2019 and work is continuing on the detailed design of individual projects. Until contracts are awarded there remains a risks that actual costs may exceed the budgets allocated. The financial impact of the Covid pandemic has reduced the Council's ability to manage this risk.

8.14 The pandemic has also reduced the availability of external funding, as national grant bodies have used funding during 2020 to support organisations and will be reassessing future priorities when the country moves into the recovery phase.

8.15 Therefore, it is recommended that the uncommitted capital receipts are held in the earmarked Capital Funding Reserve as a capital contingency until contracts are awarded for the major approved capital projects, and the position on external funding is clearer. Details of any proposal to use this funding will be reported to this Committee for approval. If this contingency is not needed a further report will be prepared to enable Members to consider their priorities for using these one off capital resources.

8.16 The Council has only very limited land that can be sold and a further report will be presented to a future meeting on the potential value and phasing of additional capital receipts. This report will include an assessment of the impact of the Covid pandemic on the best time to market any additional housing land.

8.17 Schemes funded from specific grants and Departmental Business Cases

8.18 The Government provides specific capital grants for investment in schools, Disabled Facilities Grants and the Local Transport Plan. These resources can only be spent in accordance with the specific grant conditions. Detailed grant allocations for 2021/22 have not yet been issued and indicative allocations are detailed in **Appendix D**. In line with the procedures adopted in previous years it is recommended that once the actual 2021/22 allocations are known that authority is delegated to the relevant policy committee to approve the detailed schemes to be funded. This will ensure schemes can be implemented as soon as practical and grant conditions are complied with.

- 8.19 The Council also funds a replacement programme for operational vehicles and equipment (e.g. refuse vehicles, grass cutters etc.) used to deliver front line services. The Council has robust procedures for managing the operational life of vehicles and equipment and this includes an annual review of the proposed replacement programme by the Neighbourhoods Services Committee. Details of the proposed programme for 2021/22 to 2023/24 are included in **Appendix D**. Officers will continue to actively manage the proposed programme and this may mean planned replacements may be delayed if this is financially advantageous for the Council. Any temporary net saving from delaying replacement will be reflected in the quarterly revenue monitoring reports submitted to Finance and Policy Committee.

9. OTHER CONSIDERATIONS

9.1 Legal Considerations

- 9.2 The following issues are relevant in relation to this report:

- the Local Government Finance Act 1992 requires local authorities to set a balanced budget – this report enables budget proposals to be approved and then referred to Council to meet this requirement;
- the Local Government Act 2003 requires local authorities to consider the advice of their Section 151 Chief Finance Officer (the Director of Resources and Development) when making budget decisions. This advice must include details of the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves. These requirements are addressed in section 11;
- The requirements of the Prudential Code in relation to the use of Prudential Borrowing – the capital proposals detailed in this report comply with these requirements. The more detailed technical requirements arising from the approval of the proposals in this report will be included in the Treasury Management Strategy which will be referred to Council separately, following scrutiny by Audit and Governance Committee.

9.3 Child and Family Poverty

- 9.4 There are no specific child and family poverty considerations as part of this report as there are no budget cuts proposed in the report.

9.5 Staff Considerations

- 9.6 None.

9.7 Asset Management Considerations

- 9.8 None, part from the impact on capital schemes at the Town Hall Theatre and Art Gallery referred to in section 8.5.

9.9 Equality and Diversity

9.10 None

10. CONSULTATION

10.1 Consultation meeting have been held with the Trade Unions and Business Sector and the minutes of these meetings are attached at **Appendix E**.

11. CONCLUSIONS AND ROBUSTNESS ADVICE

11.1 In response to Government funding cuts over the last nine years the Council made significant changes to modernise services and achieve efficiency savings. This included a 20% reduction in the workforce. The efficiencies and savings implemented over the last nine years cannot be repeated.

11.2 The Council has managed previous budget reductions effectively and external inspections show that we have maintained good services, including being the only Council in the Tees Valley that Ofsted has rated Children's Services as 'good'. This service performance reflects the hard work and dedication of the Council's staff.

11.3 The initial budget proposals endorsed by the Committee in August approved the significant use of reserves to balance the 2021/22 budget. This strategy recognised that part of the deficit should be temporary (i.e. income shortfall arising from the impact of Covid) and also recognised that a longer lead time was needed to identify budget cuts. The strategy also reflected significant uncertainty regarding national funding changes, which have been deferred to 2022/23, at the earliest.

11.4 Robustness Advice

11.5 As indicated in previous years the Local Government Act 2003 introduced a statutory requirement on an Authority's Section 151 Chief Finance Officer to advise Members on the robustness of the budget forecasts and the adequacy of the proposed level of reserves. If Members ignore this advice, the Act requires the Authority to record this position. This later provision is designed to recognise the statutory responsibilities of the Section 151 Officer.

11.6 In response to the continuing financial challenges facing councils CIPFA (Chartered Institute of Public Finance and Accountancy) issued guidance last year reminding Section 151 Officers and their authorities of the statutory responsibilities when setting budgets. This advice reinforces statutory requirements and provides practical guidance to help Section 151 Officer's discharge their responsibilities. CIPFA have also issued a Financial Management Code of Practice and a self-assessment against these criteria has been completed. As this document brings together existing best practice the Council complies with the majority of these requirements. There are a small number of areas where improvements can be made and these will be

addressed during 2021/22. In the main these issues relate to the development of a long term MTFS that demonstrates the sustainability of the council budget. This is difficult without a multi-year settlement and given the current Covid-19 response. However, this report clearly sets out the implications of the 2021/22 budget decisions and the forecast deficit to be addressed in 2022/23.

- 11.7 In providing the appropriate robustness advice to this Committee and full Council the most significant issue for Members consideration is the level of Council Tax increase and the Social Care precept for 2021/22.
- 11.8 As detailed earlier in the report the Government's 2021/22 funding strategy for local authorities is predicated on the level of Council Tax and Social Care precept. The Government's 2021/22 financial forecasts show that **87%** (£1.918 billion) of the national increase in core funding (£2.211 billion) is assumed to be funded from an increase in Council Tax of 2% and a 3% Social Care precept.
- 11.9 Based on the information detailed in paragraph 4.8 the most sustainable option for the Council is to implement the maximum increase in Council Tax and the Adult Social Care precept allowed by the Government's referendum limits.
- 11.10 The next most sustainable options would be to implement a 2% core Council Tax increase, with an element of the Adult Social Care precept implemented in 2021/22 and the balance deferred to 2022/23. This option provides the potential scope to achieve the full increase in ongoing resources in 2022/23.
- 11.11 The third most sustainable option would be to implement the full 3% Adult Social Care precept in 2021/22 and no core Council Tax increase. Under this option a decision not to increase the core Council Tax increase will reduce recurring income by **£0.854m**. This will mean:
 - additional reserves of this amount will need to be used to balance the 2021/22 budget;
 - additional cuts of this amount will then need to be made in 2022/23 and mean that the deficit deferred to 2022/23 is **£2.766m**, compared to **£1.912m** if Council Tax is increased up to the Government limits in 2021/22.
- 11.12 For the avoidance of doubt any proposals to increase total Council Tax (including the Adult Social Care precept) by less than 3% would not in my professional opinion be robust. This advice would need to be formally noted by Finance and Policy Committee and full Council, as adopting these options would:
 - Not have recognised the impact of the Government's national Council Tax policy on available funding for local services, which increases the budget cuts required;

- Removes the argument for additional Government funding, as the Government are unlikely to be sympathetic to authorities that have not used available Council Tax limits;
- Permanently reduce recurring income by **£2.135m** and therefore increase the value of budget cuts that need to be made in 2022/23 by this amount; and
- Increase the use one off resources used to balance the 2021/22 budget, which will reduce future financial flexibility and the resources available to meet unexpected financial shocks.

11.13 Further information in relation to the robustness of advice is provided in **Appendix B**.

11.14 In the event that Members identify alternative savings to replace the proposed Council Tax increase these would need to be assessed before I could confirm they were robust. This assessment would need to assess alternative proposals in terms of deliverability, sustainability and impact on staff. In addition, alternative proposals may require statutory consultation and equality impact assessments, particularly if changes are proposed to services, the introduction of new/increased charges or reductions in staffing. There is a risk that any necessary assessments cannot be completed in time to implement alternative savings from 1st April 2021 which would mean only a part year saving can be achieved.

11.15 Council would also need to recognise that replacing increased Council Tax income with budget cuts reduces future financial flexibility as cuts can only be made once. Therefore, by making cuts in 2021/22 these measures would not be available in 2022/23, which would mean even more difficult cuts would need to be made to balance the 2022/23 budget.

11.16 The decisions Members make in relation to the 2021/22 budget are probably the most important budget decisions that will ever be made as they provide the financial foundations and legacy for the new Council to be elected in May 2021.

11.17 The Government's national Council Tax policy for 2021/22 continues to shift funding of local services from national taxation on to Council Tax. As a consequence councillors across the country are placed in an invidious position of either:

- increasing Council Tax (including a further Adult Social Care precept) up to the level of national increases set by the Government to increase recurring resources and protect services;
- implement lower Council Tax increases and accept that the reduction in recurring income will have to be addressed by making additional budget cuts.

11.18 It is also clear that the Covid pandemic has had a fundamental impact on the country's finances as Government borrowing is forecast to be £394 billion in the current year – the highest peacetime increase in Government debt. The Chancellor's recent one year Spending Review did not say how the Government proposals to address this position.

11.19 However, it is clear that funding increases for local government will not be a Government priority in 2022/23 and future years. The best potential outcome will be a multi-year cash freeze in Government funding, which is the current planning assumption for 2022/23. Against this background the Council will continue to face an extremely challenging financial future, which further underlines the importance of the 2021/22 Council Tax decisions.

12. RECOMMENDATIONS

12.1 It is recommended that Members note the following:

- i) The Government have proposed a 2% core Council Tax referendum limit, plus a 3% Adult Social Care precept. Continuation of the Adult Social Care precept for a sixth year continues to shift part of the funding of these services onto Council Tax;
- ii) Government figures shown that 87% of the forecast 2021/22 national increase in Core Funding is predicated on all authorities implementing Council Tax increases in line with national Referendum Limits, including the Adult Social Care precept.
- iii) If Council Tax is not increased in line with national Council Tax limits the national Core Funding increase of 4.5% will not be achieved and core funding will only increase by 0.6%.

12.2 It is recommended that Members refer the following proposals to full Council:

Revenue Budget

1. Note the robustness advice detailed in section 11, including the advice in relation to the 2021/22 Council Tax increase and Adult Social Care precept.
2. Determine which of the following 2021/22 Council Tax and Adult Social Care precept options is referred to Council and consider the impact the various option have on:
 - the deficit deferred to 2022/23;
 - the value of the Budget Support Fund to be used in 2021/22 to balance the budget; and
 - the value of the uncommitted Budget Support Fund after support of the 2021/22 budget:

	Option 1	Option 2	Option 3	Option 4	Option 5	Option 6
Core Council Tax increase	0%	2%	2%	0%	2%	2%
Social Care precept	0%	0%	1%	3%	2%	3%
Recurring Council Tax & Social Care precept income	Nil	£0.854m	£1.281m	£1.281m	£1.708m	£2.135m
Deficit Deferred to 2022/23 ##	£4.047m	£3.193m	£2.766m	£2.766m	£2.339m	£1.912m
Use Budget Support Fund (BSF) 2021/22	£5.197m	£4.343m	£3.916m	£3.916m	£3.489m	£3.062m
Uncommitted BSF after support of 2021/22 budget (details 7.9)	£3.431m	£4.285m	£4.712m	£4.712m	£5.139m	£5.566m

3. Consider the options detailed in paragraph 4.27 in relation to the proposal from the Neighbourhood Services Committee for an annual ward bulky waste pilot scheme (1 per ward) to be referred to Council for consideration as part of the 2021/22 budget considerations. Noting there is currently no funding for this proposals.

Use of one off funding for 2021/22 Council Tax Losses and Support for Local Council Tax Support Households

1. Determine which of the following options to refer to Council and to note the impact the three options have on the forecast uncommitted resources to support the 2022/23 budget, or phase out LCTS support in 2022/23:

	Option 1 £60 £'000	Option 2 £85 £'000	Option 3 £100 £'000
Available Funding	1,297	1,297	1,297
Less – Forecast 2021/22 cost of LCTS support	(600)	(850)	(1,000)
Less – Local Welfare Support Allocation	(50)	(50)	(50)
Less – Risk Contingency to manage potential higher number of eligible LCTS households	(60)	(85)	(100)
Forecast uncommitted resources to support 2022/23 budget, or phase out LCTS support	587	312	147

2021/22 Covid-19 Expenditure Pressures Grant

1. Note the Council has been allocated £3.178m of one off funding to address continuing Covid pressures in 2021/22 and 2022/23, and approve use of this grant will be subject to separate reports to Finance and Policy Committee for consideration and approval.
2. Approve that any of the above grant not needed to fund additional service and financial pressures is used to replace use of the Council's own reserves, which will the Council in a better financial position to manage future financial challenges and risks, and will help mitigate the ongoing financial impact of Covid on the Council.

Reserves

1. Approve the establish of a Budget Support Fund as detailed in paragraph 7.8 and note the use of this reserve in 2021/22 will depend on the decision made in relation to Council Tax and the Adult Social Care precept (as detailed in Revenue Budget recommendation 2 above).

Capital

1. Approve the provision of a cash flow loan to the NMRN to the value of the TVCA funding allocated for the development of a new exhibition space of £5m and delegate authority to the Managing Director to complete the necessary legal agreement with the NMRN to secure repayment of the loan, either from the TVCA funding, or directly from the NMRN in the unlikely event the detail business case does not comply with TVCA requirements.
2. Approve the proposal to re-allocate Council funding previously allocated for the Town Hall, Borough Hall and Art Gallery projects towards the Borough Hall projects, as detailed in paragraph 8.9. To note officers will continue to seek to secure external funding for the Town Hall and Art Gallery projects.
3. Approve the proposal that the uncommitted capital receipts of £0.680m (which are anticipated to be received early in 2021/22) are held in the earmarked Capital Funding Reserve as a capital contingency until contracts are awarded for the major approved capital projects, and the position on external funding is clearer. Details of any proposal to use this funding will be reported to this Committee for approval.
4. Approve the business case capital schemes and note the indicative specific capital grant allocations detailed in **Appendix D**, and in line with the policy adopted in previous years delegate authority to the relevant Policy Committee to determine, in compliance with the relevant grant conditions, the allocation of the actual capital grants once these are known;

13. REASON FOR RECOMMENDATIONS

- 13.1 To enable the Finance and Policy Committee to approve the detailed proposals to be referred to full Council.

14. BACKGROUND PAPERS

The following background papers were used in the preparation of this report:-

Finance and Policy Committee - Medium Term Financial Strategy (MTFS) 2021/22 to 2022/23 – 30th November 2020.

15. CONTACT OFFICER

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Telephone: 01429 523003

Sign Off:-

Chief Executive	<input checked="" type="checkbox"/>
Director of Finance and Policy	<input checked="" type="checkbox"/>
Chief Solicitor	<input checked="" type="checkbox"/>

4.1 APPENDIX A

Weekly Council Tax increase for alternative Council Tax increases and Adult Social Care precept

	Option 1	Option 2	Option 3	Option 4	Option 5	Option 6	Percentage of properties in Council Tax band
Core Council Tax increase	0%	2%	2%	0%	2%	2%	
Social Care precept	0%	0%	1%	3%	2%	3%	
	£.p	£.p	£.p	£.p	£.p	£.p	
Band A	0.00	0.45	0.67	0.67	0.90	1.12	54.05
Band B	0.00	0.52	0.79	0.79	1.05	1.31	16.86
Band C	0.00	0.60	0.90	0.90	1.20	1.50	14.37
Band D	0.00	0.67	1.01	1.01	1.35	1.68	7.59
Band E	0.00	0.82	1.23	1.23	1.65	2.06	4.03
Band F	0.00	0.97	1.46	1.46	1.95	2.43	1.72
Band G	0.00	1.12	1.68	1.68	2.24	2.81	1.21
Band H	0.00	1.35	2.02	2.02	2.69	3.37	0.17
							100.00

ROBUSTNESS ADVICE FROM DIRECTOR OF RESOURCES AND DEVELOPMENT

As detailed in Section 11 the Director of Resources and Development can advise Members that in his professional opinion the budget proposals for 2021/22 are robust and this advice is based on the following key factors being in place:

- The detailed work undertaken by individual Directors (and their senior managers) in conjunction with my staff regarding the preparation of detailed budget forecasts, including income forecasts;
- A prudent provision for inflation on non-pay budgets and income budgets for the next three years. Following the Brexit referendum the risks in relation to inflation have increased. These factors will need to be reviewed on an annual basis;
- A prudent view of the net costs of the Authority's overall cash flow, including the repayment of Prudential Borrowing;
- An assessment of financial risks and the measures to mitigate these risks as detailed in Table 1;
- An assessment of the key financial assumptions underpinning the 2021/22 budget as detailed in Table 2.

TABLE 1**2021/2022 FINANCIAL RISK MANAGEMENT****Risk Rating**

A simplified version of the Risk Assessment criteria used in the Council's Risk Management Strategy has been used to rank budget risks. This assessment rates risk using the convention of green/amber/red, as defined below, although different levels of risk within each category have not been defined. The risk assessment helps inform the Council's budget monitoring process as it identifies areas that need to be monitored more closely than other budgets. These procedures help ensure that departments can manage budgets and services within the overall departmental resource allocation and the Council's overall financial management framework, which enable departments to establish reserves for significant risks and to carry forward under and over spends between financial years.

The value of expenditure/income on individual areas, together with the percentage of the authority's net budget, are shown in the table below to highlight the potential impact on the Council's overall financial position.

Green - these are unlikely events which would have a low financial impact.

Amber - these are possible events which would have a noticeable financial impact.

Red - these are almost certain to occur and would have a very significant impact. Provision would need to be made for such events in the budgets.

CORPORATE RISKS

Financial Risk	Risk Rating	2021/22 Base Budget £'000	Budget as %age net budget	Description of Risk and Summary of Risk Management Arrangements
Pay	Amber	62,154	79.4%	The MTFS includes provision of £250 for those staff earning less than £24,000 per annum. There is no provision for other staff as it is expected the Government pay pause will apply to Local Government. The MTFS report highlights the risk if this is not the case.
Higher costs of borrowing and/ or lower investment returns	Green	3,843	4.9%	This budget covers annual principal repayments and net interest on the Council's borrowings and investments. Interest payable on Council's borrowings or interest earned on investments could be higher or lower than forecast. The Treasury Management Strategy details how these risks will be managed and establishes an appropriate framework of controls for managing these risks. This strategy is based upon the Director of Finance & Policy's assessment of future interest rates, which is itself supported by the detailed interest rate forecasts and market intelligence provided by the Council's Treasury Management Advisors. The unprecedented low levels of interest rates have resulted in a significant reduction in investment income. This change has not had a significant impact on the MTFS as the MTFS takes a prudent approach and only includes investment income on an annual basis.
Planned Maintenance Budget	Amber	231	0.3%	Much of the Council's building stock is in poor condition and the Corporate Risk Register identifies this as a "red" risk. From 2002/03 the Council has provided an inflationary increase to this budget in line with the MTFS.
Schools Buy-Back Income	Amber	2,721	3.5%	Buy back income underpins a range of services provided by the Council. This income budget is reliant on the schools continuing to buy back the services.
Education Services Grant	Red	521	0.7%	This funding is in two parts. The first is funded from DSG which covers statutory duties carried out on behalf of all schools. Schools Forum agree this funding annually. The second part is funded from schools and covers statutory duties for maintained schools only. Schools Forum vote annually on this. For the last four financial years Schools Forum have not approved the pass through and the Council has had to disapply to the Secretary of State. The Secretary of State has approved this request.
Failure to comply with relevant	Amber	0	N/A	The Council will take appropriate steps to ensure it keeps up to date with changing legislation and regulations. There is nothing to indicate that the Council faces any specific material risk in these areas.

TABLE 1CHILDREN'S & JOINT COMMISSIONING

Financial Risk	Risk Rating	2021/22 Base Budget £'000	Budget as %age net budget	Description of Risk and Summary of Risk Management Arrangements
Increased Demand for Looked After Children Placements	Red	12,200	15.6%	There is a national trend of increasing numbers and increased costs for the placement of children looked after. This particular area is highly volatile and potentially subject to unexpected increases in the numbers of children. The position has also been adversely impacted by COVID. This area includes in-house foster placements, independent foster placements with an agency, special guardianship, child arrangement orders and leaving care allowances as well as residential placements. The budget figure reflects an additional £2.467m of base budget funding.
Dedicated Schools Grant - High Needs Block	Amber	12,689	16.2%	Block funding has increased by £1.563m (12.07%) from 2020/21. However, although this is a significant increase for the second successive year, this may be insufficient to meet the expected demand for services for children and young people with special educational needs and/or disability. Work is underway to develop a three year Medium Term Financial Strategy for High Needs Spending.
Dedicated Schools Grant - Early Years Block	Red	6,365	8.1%	Since 2017/18, funding from government relating to 2 year old provision has been insufficient to meet the cost of payments to providers. This resulted in a financial pressure of £0.104m in 2018/19 and £0.150m in 2019/20. A Task and Finish Group has been established to review options for dealing with the funding shortfall.
Dedicated Schools Grant - De-Delegated Services	Amber	487	0.6%	There are a number of services provided by the LA which are funded from retained DSG. The LA delegates this funding into school budgets and then requests approval from Schools Forum to de-delegate these budgets back to the LA for all non-Academy schools. Academy schools retain this funding, although they have the opportunity to 'buy-back' these services from the LA. As schools in Hartlepool convert to Academy status in the future, there is the potential for funding to be reduced which could impact on service delivery.

TABLE 1ADULT AND COMMUNITY BASED SERVICES

Financial Risk	Risk Rating	2021/22 Base Budget £'000	Budget as %age net budget	Description of Risk and Summary of Risk Management Arrangements
Non-achievement of income targets - Cultural Services	Amber	350	0.4%	The nature of Cultural Services budgets are such that the majority of income is generated through admissions/usage of the services on offer. If this usage falls below targets then income will be reduced. COVID is likely to have an adverse impact on income achieved in 21/22.
Demographic changes in Older People	Red	11,200	14.3%	Increasing number of elderly people, high percentage of chronic health problems and market pressures on price, including the National Living Wage. The individual nature of contribution towards social care provision is such that the financial circumstances of each individual can differ substantially. The level of the value of people's assets and savings can differ significantly and demographic changes can impact on levels of contribution. Other risks include increased pressure on intermediate care service, ensuring discharge from hospital is not delayed and older people's needs becoming more complex due to increased life expectancy.
Demographic changes in Working Age Adults	Red	9,400	12.0%	Rising numbers of people with learning disabilities with increasingly complex needs.
Better Care Fund	Amber	7,612	9.7%	The Better Care Fund consists of revenue funding and capital funding (not shown). The Pooled Budget Partnership Board and Health and Wellbeing Board approve schemes and monitor BCF expenditure. The risks include BCF grant funding not continuing in future years or funding being reduced. The figure shown excludes the Improved Better Care Fund allocation (iBCF).
Non-achievement of income targets - Sport, Leisure and Recreation	Amber	1,850	2.4%	The nature of Sport, Leisure and Recreation budgets are such that the majority of income is generated through admissions/usage of the services on offer. If this usage falls below targets then income will be reduced. Non-achievement of income targets in this area over the last few years has been the main reason for the overspends. COVID is likely to have an adverse impact on income achieved in 21/22.

TABLE 1NEIGHBOURHOOD & REGULATORY SERVICES

Financial Risk	Risk Rating	2021/22 Base Budget £'000	Budget as %age net budget	Description of Risk and Summary of Risk Management Arrangements
Car Parking	Amber	690	0.9%	This now relates mainly to out of town car parking income. The Council has waived car parking fees for the town centre as a result of being awarded £1.038m grant from the TVCA to compensate for lost income, including an amount to reflect expected displacement from nearby car parks where fees have been maintained. There is a risk that actual displacement from fee charging areas is higher than the amount covered by the grant.
Fee Income - Planning & Building Control	Amber	762	1.0%	The fee income target must be achieved to fund part of the department's expenditure budget. This income cannot be controlled or easily estimated. Achieving the target depends on sufficient numbers/size of applications being received, national economic conditions such as interest rates being sufficiently favourable to encourage development and, in the case of Building Control, the section being able to successfully compete with the private sector.
Highways Maintenance	Amber	2,300	2.9%	A lack of major investment from Central Government is leading to a deterioration in the network. This is a national position and funding is needed to raise conditions generally. Maintenance budgets are under pressure as a result and the position will be closely monitored each month. Conditions surveys will be used to support the Highways Five Year Maintenance Programme and Capital and Revenue budgets will be applied accordingly. This budget includes winter maintenance which can vary between years depending on weather conditions.
Home to School Transport Costs	Amber	1,650	2.1%	The provision of transport is a demand led service and influenced by the needs of pupils which vary from term to term. The highest area of spending relates to the requirement to transport special needs pupils which invariably requires escorts and is difficult to control other than to ensure all individual arrangements are procured as economically as possible by the Passenger Transport service.
Trading Accounts	Amber	16,000	20.4%	The department has a wide range of trading operations which generate income by charging clients both internal and external to the Council. This includes services such as school catering, highways, building maintenance, garage, passenger transport as well as professional fees which funds the salaries of staff in property and engineering related services. This income is not certain and depends on local and national economic conditions and can be volatile in response to reductions in client budgets and the Council's capital programme.
Non-achievement of income targets - Licensing	Amber	373	0.5%	The Council reviews the fees that it can set at regular intervals to ensure that the fee being charged recovers the cost of the application process, and is legally robust and transparent.

SUMMARY OF KEY FINANCIAL ASSUMPTIONS UNDERPINNING THE BUDGET

Budget Assumption	Financial Standing and Management
The treatment of inflation and interest rates	<p>The resource allocations for 2021/22 include 2% for anticipated general inflation on non pay expenditure.</p> <p>In addition, where it is anticipated that costs will increase by more than inflation these issues have been specifically reflected in the pressures included within the budget requirement.</p> <p>Interest exposure is managed through the Treasury Management Strategy.</p>
The treatment of demand led pressures	Individual Policy Chairs and Directors are responsible for managing services within the limit of resource allocations and departmental Risk and Strategic Change Provisions. If these resources are inadequate the Council's Managed Under/Overspends Policy provides flexibility to manage the change over more than one financial year.
The treatment of planned efficiency savings/productivity gains	Where departmental efficiencies are planned it is the individual Directors responsibility to ensure they are implemented. Any under achievement would be dealt with on a temporary basis through the managed overspend rules until a permanent efficiency is achieved.
The availability of other funding to deal with major contingencies and the adequacy of provisions	<p>The Council's approved Managed Underspend and Strategic Risk and Change initiatives are well understood and provide departments with financial flexibility to manage services more effectively. These arrangements help to avoid calls on the Council's corporate reserves.</p> <p>The Council's insurance arrangements are a balance between external insurance premiums and internal self insurance. The value of the Council's insurance fund has been assessed and is adequate to meet known reserves on outstanding claims.</p>
The strength of financial reporting arrangements and the Authority's track record of budget monitoring	The Council's financial reporting arrangements include the identification of forecast outturns for both revenue and capital areas. These arrangements ensure problems are identified and corrective action taken before the year end, either at departmental or corporate level. These arrangements have worked well and have enabled the Council to strengthen the Balance Sheet over the last few years.
NNDR/Safety Net	The NNDR1 form setting the amount of business rates to be paid to preceptors in 2021/22 will not be completed until January 2021. The Council has used an estimate based on the most up to date information available to forecast how much business rate income will be received from both its retained share and any safety net entitlement.

EXTRACT FROM THE STATEMENT OF ACCOUNTS 2019/20**4.1 APPENDIX C****General Fund Balance**

Balance as at 31st March 2019 £000s	Reserve Category	Balance as at 31st March 2020 £000s	Planned Use of Reserves			Balance as at 31st March 2023 £000s
			2020/21 £000s	2021/22 £000s	2022/23 £000s	
4,417	General Fund Balance	4,417	0	0	0	4,417
4,417		4,417	0	0	0	4,417

Budget Support & Investment Reserves

8,844	Budget Support Fund 2019/20	4,513	2,692			7,205
-	Looked After Children Reserves	528				528
430	Business Rates Levy	96				96
845	MTFS Investment Reserve	-				0
10,119		5,137	2,692	0	0	7,829

Earmarked Revenue Reserves

3,323	Strategic One Off Costs	2,692	(2,692)			0	bsf
2,226	Insurance Fund	2,212				2,212	
1,106	Treasury Management Risk Reserve	1,489				1,489	CP
1,333	Adult Social Care Reserve	1,211				1,211	DW
1,283	Strategic Change Reserves	1,161				1,161	
450	Education Improvement Strategy Reserve	419	-	(210)	(209)	0	show spent
676	Public Health Grant Reserve	333				333	
105	Brexit Funding	315				315	
400	Income Risk Reserve	309				309	used
263	Lotteries Reserve	302				302	CP and HM sec of state approval spend
300	Support for Local Council Tax Support Scheme	300	-	-	-	300	
220	Better Care Fund Reserve	220				220	
75	Supporting Family Poverty	139				139	
143	School Attainment Reserve	125	-	(65)	(60)	0	
113	Trading Account Reserves	78				78	
142	National Museum of the Royal Navy Reserve	38				38	
29	Museums Acquisition	28				28	
20	Concessionary Fares	20				20	

17	Environmental Apprenticeships Scheme	17				17
15	Works in Default Empty Homes	15				15
28	Funding for Modern Apprentices	13				13
105	Tees Education & Skills Reserve	8				8
5	Centre of Excellence in Creative Arts Trading Reserves	5				5
35	Members Ward Budget Reserve	-				0
12,412		11,449	(2,692)	(275)	(269)	8,213
26,948	Total Reserves	21,003	-	(275)	(269)	20,459

FORECAST CAPITAL RESOURCES AND EXPENDITURE COMMITMENTS 2021/22 TO 2023/24**TABLE 1 - FORECAST CAPITAL RESOURCES**

	Forecast Resources 2021/22 (Provisional)				Forecast Resources 2022/23 (Provisional)				Forecast Resources 2023/24(Provisional)			
	Prudential Borrowing	Other Capital Funding	Capital Grants	Total	Prudential Borrowing	Other Capital Funding	Capital Grants	Total	Prudential Borrowing	Other Capital Funding	Capital Grants	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<u>Service Specific Capital Grants</u>												
Devolved Formula Capital (Schools) - Note 1	0	0	120	120	0	0	120	120	0	0	120	120
Disabled Facilities Grant (Better Care Fund) - Note 2	0	0	1,222	1,222	0	0	1,222	1,222	0	0	1,222	1,222
Local Transport Plan - Structural Highways Maintenance - Note 3	0	0	1,054	1,054	0	0	1,054	1,054	0	0	1,054	1,054
Local Transport Plan - Integrated Transport Block - Note 3	0	0	719	719	0	0	719	719	0	0	719	719
Schools Capital Programme - Note 4	0	0	795	795	0	0	792	792	0	0	795	795
	0	0	3,910	3,910	0	0	3,907	3,907	0	0	3,910	3,910
<u>Departmental Prudential Borrowing - Funded from Specific Business Cases</u>												
HRA - Additional Properties - Note 5	2,074	0	1,064	3,138	0	0	0	0	0	0	0	0
Replacement Wheelie Bins	90	0	0	90	90	0	0	90	90	0	0	90
Vehicle Procurement (Tables 2 - 4) Note 6	2,615	0	0	2,615	2,278	0	0	2,278	368	0	0	368
	2,705	0	0	2,705	2,368	0	0	2,368	458	0	0	458
Total Forecast Resources	2,705	0	3,910	6,615	2,368	0	3,907	6,275	458	0	3,910	4,368

Note 1 - Devolved Formula Capital allocation for Schools is an estimate based on the 2020/21 allocation. Government has stated that the 2020/21 allocations can be used as an indication of future allocations.

Note 2 - The Government have announced a 13.5% increase in overall funding for DFG's in 2021/22 however individual LA allocations have not yet been confirmed. For planning purposes a 13.5% increase has been applied to the 2020/21 allocation. Future allocations are unknown so it has been assumed that the funding will remain at 2021/22 levels and that Better Care Fund will continue in 2022/23 and 2023/24.

Note 3 - Local Transport Plan allocation for 2021/22 is based on an indicative allocation and future years' allocations are based on this estimate.

Note 4 - Schools Capital Programme includes an estimate of £0.628m Schools Condition Grant and £0.167m Special Provision Capital Grant for 2021/22. The Council will receive no Basic Need funding allocation in 2021/22. The forecasts from 2021/22 onwards are based on the 2020/21 allocation of Schools Condition Grant which the Government has stated is indicative of future allocations.

Note 5 - The borrowing level is the affordable amount recommended by F&P in relation to the HRA rent freeze option.

Note 6 - This item contains exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, (para 3), information relating to the financial or business affairs of any particular person (including the authority holding that information).

PART 1

**BUDGET CONSULTATION MEETING WITH TRADE UNION
REPRESENTATIVES –**

**Minutes of Meeting held on
15 DECEMBER 2020**

Present: ***Hartlepool Borough Council Officers***
Councillor Shane Moore, Leader of the Council (*Chair*)
Councillor Sue Little
Denise McGuckin, Managing Director
Chris Little, Director of Resources and Development
James Magog, Assistant Director Finance

Trade Union Representatives

Edwin Jeffries
Tony Watson
Helen Metcalf
Julie Wynn
Stephen Williams

Apologies:

Councillor Leisa Smith
Councillor John Tennant

Emma Armstrong, PA (Minutes)

1.	Presentation
<p>Councillor Shane Moore welcomed the group and introductions were given.</p> <p>Chris Little provided a brief summary of the MTFS report considered by Finance & Policy Committee on 30th November 2020 and an update to reflect additional information from the Spending Review announcement 25.11.20 and the impact on Hartlepool's forecast financial position for 2021/22 - 2022/23 and the current pressures.</p> <p>The Trade Unions welcomed this briefing and noted the Governments requirement to increase Council Tax to secure recurring funding for services. They indicated that the Unions would be submitting a national pay claim early in 2021.</p>	

PART 2

BUDGET CONSULTATION MEETING WITH BUSINESS SECTOR REPRESENTATIVES –

Minutes of Meeting held on 17 DECEMBER 2020

Present: **Hartlepool Borough**
Councillor Shane Moore, Leader of the Council (*Chair*)
Councillor John Tennant
Denise McGuckin, Managing Director
Chris Little, Director of Resources and Development

Business Sector Representatives

Adrian Liddell
Peter Olsen
Alby Pattison
David Scott

Apologies:

Councillor Leisa Smith
Councillor Sue Little
Kirsty Swanson, PA (Minutes)

1.	Presentation
<p>Councillor Shane Moore welcomed the group and introductions were given.</p> <p>Chris Little provided a brief summary of the MTFS report considered by Finance & Policy Committee on 30th November 2020 and updated to reflect additional information from the Spending Review announcement on 25.11.20 and the impact on Hartlepool's forecast financial position for 2021/22 - 2022/23 and the current pressures.</p> <p>The Business Sector representative welcomed this briefing and responses were provided to the following questions:</p> <ul style="list-style-type: none"> • Impact of the Nuclear Power Station not being renewed and the financial stability of the Council if this happened. • COVID Mass testing and the impact on the Councils budget • Household income restrictions and the impact that an increase on Council Tax would have. • Acknowledged the work staff have put in over the pandemic and the impact of a pay freeze on public sector staff. • Prudential borrowing is at a low therefore could be a good time if needed. <p>In response to whether a second consultation meeting will be held CL indicated that there are unlikely to be any significant changes to position detailed in the Spending Review, as this provided significantly more information in relation to local government funding than previous years. It was therefore suggested that a second meeting would only be held if there were any significant changes. If there are no significant changes CL will circulate details of any changes made to the Spending Review position.</p>	

MEDIUM TERM FINANCIAL STRATEGY 2021/22 AND 2022/23 – ADDITIONAL INFORMATION

Section 5 of MTFS Report – Support for Local Council Tax Support Households

- The Council (17.09.20) has determined to retain a 12% LCTS for 2021/22. This provides higher support than the other Tees Valley councils; currently 17.5% in one council and 20% in the other three;
- Tees Valley Councils haven't yet decided on whether they will be providing additional support in 2021/22 for LCTS households; currently one council is considering providing support and three no additional support;
- The recommendation of £85 is designed to balance the financial impact on the Council and help LCTS households readjust to having to make Council Tax payments;
- The 2021/22 Covid grant cannot be used to support LCTS households as this is not the purpose of this grant and commitments against this grant are not yet known. The Government has also said this is the final Covid grant;
- If Members adopted the recommended option detailed in the MTFS report to provide additional support of £85 the Council's will provide the highest overall support for LCTS households in the Tees Valley, as summarised below;

Comparison based on 2020/21 Council Tax and existing LCTS schemes plus proposed additional LCTS support for 2021/22

	Band A	Band B
Hartlepool - 12% LCTS Scheme		
- LCTS Council Tax liability	167.22	195.09
- Less additional proposed support	(85.00)	(85.00)
Net Council Tax liability	82.22	110.09
TV Council - 20% LCTS Scheme		
- LCTS Council Tax liability	265.33	309.55
- Less additional proposed support	(150.00)	(150.00)
Net Council Tax liability	115.33	159.55
TV Council - 20% LCTS Scheme		
- LCTS Council Tax liability	273.26	318.80
- Less additional proposed support	0.00	0.00
Net Council Tax liability	273.26	318.80
TV Council - 20% LCTS Scheme		
- LCTS Council Tax liability	251.50	293.42
- Less additional proposed support	0.00	0.00
Net Council Tax liability	251.50	293.42
TV Council - 17.5% LCTS Scheme		
- LCTS Council Tax liability	230.96	269.45

- Less additional proposed support	0.00	0.00
Net Council Tax liability	230.96	269.45

- To repeat the 2020/21 additional support for LCTS households the additional cost would be £803,000 and one off funding would need to be identified. This option would also mean there was no uncommitted resources to support the 2022/23, or phase out the additional LCTS support by providing a reduced level of support in 2022/23.

Section 7 of MTFS Report – Reserves

- Paragraph 7.6 provided a summary showing the reduction in other reserves from £30.727m at 31.03.2018 to £21.003m at 31.03.20;
- Paragraph 7.8 focused on the Budget Support as this is the only reserve available to support the budget in 2021/22 and future years;
- As requested by a Member the attached schedule (Appendix 1) has been prepared to show the forecast use of reserves up to 31.03.24. In preparing this schedule the following planning assumptions have been made:
 - Budget Support Fund – use in 2021/22 will be determined by F and P Committee on 25.01.21. For the purpose of this exercise use in 2021/22 of £3.916m has been assumed (i.e. level required for Council Tax and Adult Social Care precept options 3 (2% core increase plus 1% precept) or 4 (freeze core and 3% precept). Use of the remaining balance of £4.712m is then split equally in 2022/23 and 2023/24 as this reserve will need to be used in these years to support the budget and meet redundancy and early retirement costs. The actual phasing will be determined as part of the 2022/23 budget process;
- In summary Appendix 1 provides the following details:

	Balance as at 31st March 2020	Transfer Between Reserves	Planned Use of Reserves				Balance as at 31st March 2024
			2020/21	2021/22	2022/23	2023/24	
	£'000		£'000	£'000	£'000	£'000	£'000
Unearmarked General Fund	4,417	0	0	0	0	0	4,417
Budget Support Fund & Investment Reserves	5,137	5,599	(2,108)	(3,916)	(2,356)	(2,356)	0
Earmarked Revenue Reserves	11,449	(2,599)	(1,009)	(1,676)	(952)	(507)	4,706
Total Other Reserves	21,003		(3,117)	(5,592)	(3,308)	(2,863)	9,123

- The current forecast at 31.03.24 of £9.123m consists of the following key reserves:

£4.417m General Fund – this is approximately 5% of the annual budget and unplanned/emergency use of this reserve would need to be replaced;

Earmarked Revenue Reserves at 31.03.24 includes:

£2.212m Insurance Fund – this reserves is earmarked to meet the costs of insurance claims and reflects an assessment of forecast liabilities. No use is shown for this reserve as the timing on when payments will be made is uncertain;

£2.194m Treasury Management Risk Reserve – this reserve was established as part of the strategy for reducing the recurring loan repayment revenue budget and is earmarked to meet increased borrowing costs in 2027/28 and future years.

Section 8 of MTFS Report – Capital Receipts target

- The Capital Receipts target was originally set in 2010/11 to address the withdrawal of Housing Market Renewal (HMR) Grant by the Government and this replacement funding was needed to complete HMR schemes;
- As reported previously achieving the target has been challenging owing to economic conditions prevailing for much of the period 2010 to 2020. Regular reports to Finance and Policy Committee advised Members of the actions taken to manage the situation, which included the benefits of expenditure being incurred later than initially forecast;
- The MTFS report forecasts uncommitted capital receipts of £680,000 as summarised below:

	£'000
Capital Receipts target	7,310
Less – Capital Receipts received in previous years (details attached Appendix 2)	(6,598)
Less – Forecast capital receipts to be received 20/21 or 21/22 (Tanfield Road site, Rocket House, Rock Haven and Land at Hart – details of final sale prices can be reported once payment has been received)	(1,392)
Forecast uncommitted Capital Receipts	(680)

SUMMARY OF RESERVES
4.1 APPENDIX 1

Balance as at 31st March 2019 £000s	Reserve Category	Balance as at 31st March 2020 £000s	Transfer Between Reserves £000s	Planned Use of Reserves				Balance as at 31st March 2024 £000s
				2020/21 £000s	2021/22 £000s	2022/23 £000s	2023/24 £000s	
4,417	General Fund Balance	4,417	-	-	-	-	-	4,417
4,417		4,417	0	0	0	0	0	4,417
<u>Budget Support & Investment Reserves</u>								
8,844	Budget Support Fund 2019/20	4,513	5,599	(1,484)	(3,916)	(2,356)	(2,356)	0
-	Looked After Children Reserves	528	-	(528)	-	-	-	0
430	Business Rates Levy	96	-	(96)	-	-	-	0
845	MTFS Investment Reserve	-	-	-	-	-	-	0
10,119		5,137	5,599	(2,108)	(3,916)	(2,356)	(2,356)	0
<u>Earmarked Revenue Reserves</u>								
3,323	Strategic One Off Costs	2,692	(2,599)	(93)	-	-	-	0
2,226	Insurance Fund	2,212	-	-	-	-	-	2,212
1,106	Treasury Management Risk Reserve	1,489	-	155	175	160	215	2,194
1,333	Adult Social Care Reserve	1,211	-	(312)	(416)	(400)	(83)	0
1,283	Strategic Change Reserves	1,161	-	(382)	(490)	(140)	(149)	0
450	Education Improvement Strategy Reserve	419	-	-	(187)	(187)	(45)	0
676	Public Health Grant Reserve	333	-	-	(228)	(105)	-	0
105	Brexit Funding	315	-	-	(315)	-	-	0
400	Income Risk Reserve	309	-	-	(100)	(100)	(109)	0
263	Lotteries Reserve	302	-	(76)	(76)	(75)	(75)	0
300	Support for Local Council Tax Support Scheme	300	-	-	-	-	-	300
220	Better Care Fund Reserve	220	-	-	-	-	(220)	0
75	Supporting Family Poverty	139	-	(87)	16	(40)	(28)	0
143	School Attainment Reserve	125	-	(60)	(35)	(30)	-	0
113	Trading Account Reserves	78	-	(78)	-	-	-	0
142	National Museum of the Royal Navy Reserve	38	-	(38)	-	-	-	0
29	Museums Acquisition	28	-	-	(10)	(10)	(8)	0
20	Concessionary Fares	20	-	-	-	(20)	-	0
17	Environmental Apprenticeships Scheme	17	-	(17)	-	-	-	0
15	Works in Default Empty Homes	15	-	-	(5)	(5)	(5)	0
28	Funding for Modern Apprentices	13	-	(13)	-	-	-	0
105	Tees Education & Skills Reserve	8	-	(8)	-	-	-	0
5	Centre of Excellence in Creative Arts Trading Reserves	5	-	-	(5)	-	-	0
35	Members Ward Budget Reserve	-	-	-	-	-	-	0
12,412		11,449	(2,599)	(1,009)	(1,676)	(952)	(507)	4,706
26,948	Total	21,003	3,000	(3,117)	(5,592)	(3,308)	(2,863)	9,123

The transfer between reserves of £3m reflects the release of capital funding reserves as detailed in paragraph 7.8 of the MTFS report.

4.1 Appendix 2

Capital Receipts achieved in previous years

Property
Henry Smith Site/King Oswy Drive
Brierton Site
Foggy Furze
Tanfield/Focus
Land at Central Park (Steetly) (Old Cemetery Road)
Jesmond Rd School
Brooklyn Day Centre
Municipal Buildings
HRA Appropriation Seaton Lane
Custodian Property - Aurora Court
85 Station Lane
EDC
Gardner House
Easy Skips
Melrose House
Lanehead
The Willows (former Registrars Office)
HRA Appropriation Hill View
Wharton Annexe
Custodian Share of Middlesbrough Property
HRA Appropriation Lealholm
Somersby
Clarence House Covenant
Briarfields
Custodian Property - The Wave
174 West View Road
Monmouth Grove
Land at Eskdale Road
Land at Challoner Road
65 Jutland Rd
Land Near Saltbarn
Misc (Small land transactions)
Drainage Easement Greatham
Aldi New Store - Drainage Easement
Pink Domino
Garage Bond Street

HARTLEPOOL JOINT TRADE UNION COMMITTEE

Chair:- SJ Williams

Secretary:- E Jeffries
Union Suite
Carnegie Buildings
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TS24 0LT

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Denise McGuckin
Managing Director
Hartlepool Borough Council

21st January 2021 (by email)

Dear Denise,

Medium Term Financial Strategy (Finance and Policy Committee 25/01/21) – Budget Proposals

I write to provide the HJTUC response to the MTFS report to the Finance and Policy Committee (25/01/21) re budget proposals.

The HJTUC wish to state from the onset that it welcomes proposals that achieve no compulsory redundancies and protects the front line services that have been continuously on the frontline in the crucial response to the coronavirus pandemic across Hartlepool. No compulsory redundancies and no reduction in current service provision by HBC must be maintained. HJTUC refer, and as stated within the report, to the fact that there has been a devastating reduction of 20% (1 in 5) of jobs within HBC since 2010, with any further job losses and reduction in current services being deemed unsustainable.

The HJTUC also accepts and concurs with the analysis undertaken re Central Government's transfer, via Council Tax, the continuing and rising cost of Social Care both in respects of Adults and Children. We believe that Central Government is abdicating its responsibilities and markedly deviating from its' previous position in respect of Social Care. The result is a shift of costs to the local tax payer, via a precept, to maintain these vital services to the most vulnerable in society. This is at a time of significant increase in pressure on these services.

The discussions and decision on the 2021/22 budget is against the backdrop of a global pandemic. The pandemic has wreaked havoc on international, national, local economies and family income and budgets. The HJTUC also notes that a further background consideration of some significance to union members and working families is the impact of the proposed Public Sector pay pause. Both of the above are on the back of real term cuts to overall public service pay from 2010 to the present day.

The HJTUC also notes that the Chancellor of the Exchequer in his One Year Spending Review, given in November last year, that central government will look to prioritise funding to specific Public Sector provisions (NHS etc..) with potential of further financial detriment for Local Government. A further additional uncertainty to budget decision making in this round

The HJTUC believes that Central Government's assertion that there is an estimated 4.5% increase in funding (spending power) for Local Authorities is disingenuous to say the least with an analysis of the figures demonstrating that 87% of any funding increase will come from an increase in Council Tax and a Social Care Precept.

With regards to the HBC Council Tax decisions a further factor for union members and working families is of importance. These Council Tax Payers are very often, and very regrettably, some of the lowest paid in the economy. As a result people that are often living in rented accommodation, or council tax Band 'A' or Band 'B' properties and have experienced a real decrease in income over the last several years.

Given the above, the proposal for the Local Council Tax Support Scheme to be maintained at 12% (5.5 of the report) is very much welcomed. HJTUC also welcome the provision of the extra support provided by the one off funding for 2021/22 Council Tax Losses and Support for Local Council Tax Support Households and the proposals as contained within the report (5.6 to 5.9 of the report) for the potential of further assistance to be provided in 2022/3.

Thus, given the above, the options in the MTFS report to the Finance and Policy Committee (25/01/21) must be considered in the fullest context and include all the factors as above and those included within the comprehensive report.

It is the view of HJTUC that the stated position of no compulsory redundancies, and the maintenance of current services, be maintained. HJTUC fully appreciates the 2021-22 budget decision making will be difficult. However, HJTUC urges that the decisions reached are part of the widest understanding of the ongoing financial difficulties Local Authorities face and take into account the ongoing challenges posed by the economic impact of years of austerity and the current coronavirus pandemic.

The proposed options around Council Tax and the Social Care Precept set out in the report must also be considered in full around the impact they may have not just on Council Tax Payers but, as previously stated above, on the ability of Hartlepool Borough Council to undertake and support the most vulnerable in society and maintain the jobs and services that have been on the frontline helping across all sectors within Hartlepool. These Services will remain crucial throughout the pandemic and even beyond April 2022 as the Local and National Economy and Life grapples with the fallout from the Pandemic.

Hence, HJTUC considers it vital that the 2021-22 budget is both sustainable and robust.

Yours sincerely

Edwin Jeffries
Secretary
HJTUC.

Stephen Williams
Chair
HJTUC

CC Cllr Shane Moore, Leader
Chris Little, Director of Resources and Development
Finance and Policy Committee Members

FINANCE AND POLICY COMMITTEE

25th January 2021



Report of: Director of Resources and Development

Subject: TOWNS FUND - HARTLEPOOL TOWN
INVESTMENT PLAN

1. TYPE OF DECISION/APPLICABLE CATEGORY

Key Decision test's (i)/(ii) apply. Forward Plan Reference No. RN07/20

2. PURPOSE OF REPORT

- 2.1 The purpose of the report is to seek approval from the Finance and Policy Committee for the Hartlepool Town Investment Plan. The Town Investment Plan responds to the invitation from Government to develop proposals for a Town Deal of up to £25m.

3. BACKGROUND

- 3.1 Hartlepool has been identified as one of 100 places that have been invited to develop proposals for a Town Deal, as part of the Government's £3.6bn Towns Fund programme.
- 3.2 A Town Deal is an agreement in principle between government, the Council and the Town Deal Board, confirmed in a Heads of Terms document. It will set out a vision and strategy for the town, and what each party agrees to do to achieve this vision.
- 3.3 The Towns Fund forms part of the Government's levelling up agenda aimed at rebalancing the national economy by boosting economic growth and raising living standards. The aim of the fund is to address growth constraints and unlock the economic potential of areas such as Hartlepool. The fund also forms part of the Government's broader COVID-19 recovery package.
- 3.4 The Town Deal is about driving long-term transformative change to local economies. Town Deals are therefore focussed on capital investment.

- 3.5 The Government expects that the initial plans for Town Deals will be led by Local Authorities, who are required to establish a Town Deal Board to develop an evidence-based Town Investment Plan. The Town Investment Plan must be agreed by members of the Town Deal Board.
- 3.6 Proposals set out in the Town Investment Plan which align with the Towns Fund objectives will act as the basis for agreeing investment from the Government through business cases. Agreeing a Town Deal will be dependent on government receiving high-quality proposals that meet the objectives of the fund.
- 3.7 At this stage, full business case development is not required. Towns will progress to developing business cases for agreed projects once Heads of Terms have been agreed.
- 3.8 The Town Investment Plan must complement other pre-existing strategy documents that have been developed with local partners, such as the Hartlepool Economic Growth Strategy 2019-2021. Investment from the Towns Fund needs to be aligned with the government's clean growth objectives, where possible, and as a minimum must not conflict with the UK's legal commitment to cut greenhouse gas emissions to net zero by 2050.
- 3.9 The Hartlepool Town Deal Board was established in January 2020. Membership of the board includes representatives from the North East Chamber of Commerce, Federation of Small Businesses, Love Hartlepool, Northern School of Art, Hartlepool College of Further Education, Hartlepool Sixth Form College, North Tees NHS Foundation Trust, Hartlepool United Football Club and Middleton Grange Shopping Centre. The Board is Chaired by Alby Pattison, a well respected local businessman and former owner of Hart Biologicals.

4. TOWN INVESTMENT PLAN

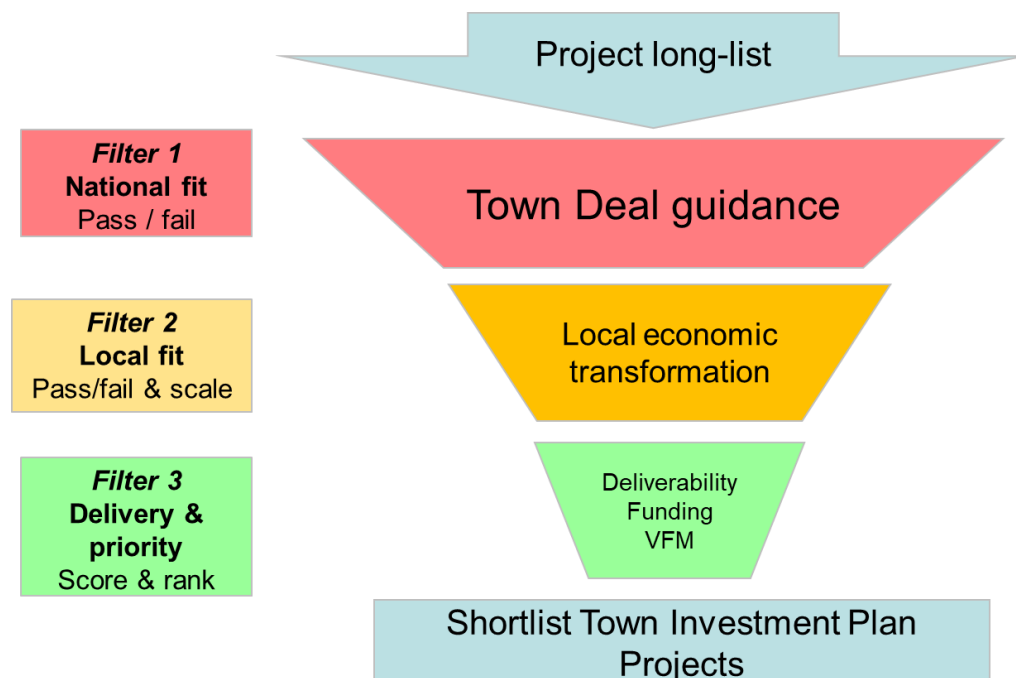
- 4.1 Town Investment Plans should be clear, concise and accessible documents. The content is split into two sections. Section 1 outlines the context, strategy and process, and Section 2 provides details of prioritised project proposals.
- 4.2 Section 1 of the Town Investment Plan is limited to 10,000 words. The document must be structured according to the three main sections (context analysis, strategy, engagement and delivery). The Government's template must be followed however the Town Deal Board are free to develop the Hartlepool specific content.
- 4.3 Hartlepool's draft Town Investment Plan can be found within **Confidential Appendix 1. This item contains exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, (para 3)**

information relating to the financial or business affairs of any particular person (including the authority holding that information).

- 4.4 The Town Investment Plan sets out the Town Deal Board's vision for the future of Hartlepool. The vision is based upon Hartlepool becoming an:
- Inclusive proud and productive town where aspiration and creativity are valued
 - A town which supports and welcomes visitors, learners and innovative businesses
 - Where people are inspired and enabled to get more out of their work and investment
 - Which promotes itself with pride and makes its mark in the wider world.
- 4.5 The Town Investment Plan identifies three legacy challenges to overcome for the town to prosper:
1. **Jobs value gap-** Hartlepool is a '*catching up*' town. Major changes have occurred in the national economy in the last forty years including a shift towards service and knowledge-led activity, driven by private enterprise and the globalisation of markets. The change has most profoundly impacted town economies like Hartlepool. Hartlepool has come a long way but gaps persist. The town's economy still does not sustain enough jobs or higher-value employment and activity, especially in the town centre.
 2. **Social mobility and skills constraints-** As gaps in the volume and value of work have emerged in the past few decades, some parts of our community have been held back by their economic circumstances. At the start of the century, average earnings in Hartlepool were 21% behind the rest of the country. Now the gap is smaller (11%) but a £3,000 deficit per worker per year still has an effect on the value of the town's economy and people's life chances.
 3. **Dysfunctional and disconnected central area-** Hartlepool's 'central area' is the area within walking distance of Church Square, combining the town centre and Waterfront. There is no obvious core to the town centre or obvious and efficient network of movement routes for walking and cycling.
- 4.6 The Town Deal Board undertook a comprehensive exercise to identify and prioritise a range of interventions that could begin to address these challenges.
- 4.7 A longlist of over 30 projects was identified from the Hartlepool Economic Growth Strategy 2019-21, the emerging Hartlepool Town Centre Masterplan and engagement with key businesses, institutions and community groups.
- 4.8 The Town Deal Board filtered this longlist using a three step process outlined below. A Project Prioritisation Workshop was held on the 27th August 2020 to

determine a shortlist of projects that were subsequently considered by the Town Deal Board in October and November 2020.

Diagram 1: Project Filtering: Three Step Process



4.9 Five projects were prioritised for investment. These projects will be included within the Town Investment Plan. The projects are outlined below:

- **Health and Care Centre of Excellence-** The Health and Care Centre of Excellence involves establishing a new training facility within University Hospital of Hartlepool, to be developed, owned and operated by North Tees and Hartlepool NHS Foundation Trust in partnership with Hartlepool College of Further Education.

The academy will be a state-of-art health and social care training facility. It will be one of only a handful in the country with purpose built medical simulation suites – with the academy focused around multiple fully-equipped rooms which replicate a range of environments that trainees will be working in:

- Acute care: including patient and clinical equipment simulators for training in maternity, general clinical skills, intensive care treatment, major incidents and trauma;
- Specialist clinical procedures: including simulation for endoscopy
- Community: including simulation of ‘at home’ health and social care scenarios such as community health, dementia care and child and vulnerable adult safeguarding

The academy will have the ability to house a 6-bed training bay, two ICT suites, a trainee common room and several other flexible training and class rooms. It will be located in the currently under-utilised Ward 10 of the hospital, which requires an internal refit. The academy will also purchase a range of simulation equipment required for each of the suites. The academy will be operated by the NHS Trust in conjunction with Hartlepool College of Further Education.

- **Tees Valley Civil Engineering Institute-** The Civil Engineering Institute is a strategic partnership between Seymour Civil Engineering, Hartlepool College of Further Education and Hartlepool Borough Council. The project proposes investment in the consolidation and growth of teaching and training capacity at two existing sites, to enhance and future-proof facilities:
 - Hartlepool College of Further Education Exeter Street Annex: college training facility (classrooms & workshops) for fabrication, welding and construction skills.
 - Seymour Skills Academy, Brenda Road: an 11-acre 'real world' training ground with teaching facilities which opened in 2019. The academy offers space and capital equipment for practical and classroom skills delivery across house building, surveying, planning, street works, plant & machinery training, horticulture, landscaping, tree surgery and general construction operative apprenticeships.

Following investment in refurbishment and expansion, the two facilities will be brought together as the Civil Engineering Institute – with specific additional capacity to support the rapid development of professional skills to support the rollout of 5G full fibre to full UK coverage by 2033.

- **The Wesley Chapel-** The building is owned by a private property developer. The current investment proposal is for 36-bedroom boutique hotel with a bar-restaurant; and four other commercial units to situated at ground floor level. The proposal received planning consent in 2019.

The building was extensively damaged by fire in 2017 – and is considered to be in heritage deficit, that is, the cost of restoration in keeping with the building's heritage listed status is more than the developer's estimate of the commercial end value of the hotel. The Town Investment Plan investment proposition is to fund the development viability gap, to enable developer and operator to commit to delivering the project by the end of 2022.

- **Marina Connections-** The project comprises public realm and connectivity enhancements around the marina in order to realise the potential of this area, integrate new land uses and provide the opportunity for improved connections between the marina, the town centre and the train station. The waterfront will be the focus of a number of new uses

and activities, including the location for the Council's new leisure centre and an expanded National Museum of the Royal Navy (NMRN).

The marina will therefore become part of an exciting new destination for Hartlepool residents and visitors which need to be integrated through high quality public realm and enhanced pedestrian and cycle connectivity.

The vision for the Marina Circuit is for a high quality, 'seamless' public realm linking a number of key vibrant public spaces which activate the waterfront.

- **Re-Imagining Middleton Grange Shopping Centre-** This project involves the first phase of the regeneration of the town centre in a way that improves experience, drives growth and ensures future sustainability. This will be achieved by attracting a new mix of uses to the town centre, addressing vacant retail units and improving the character of the town centre. The funding from the Towns Fund will deliver a first phase of activity that starts to deliver transformational change within the area.

Further detail is included within Confidential Appendix 1. **This item contains exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, (para 3) information relating to the financial or business affairs of any particular person (including the authority holding that information).**

- 4.10 If a project from the initial longlist wasn't prioritised that doesn't mean that it's not important. It just means that it will not be included within the current submission to Government. Projects could still form part of the Town Centre Masterplan and be part of future funding bids.

5. NEXT STEPS

- 5.1 The Town Investment plan will be submitted in Cohort 3, with a deadline of the 29th January 2021. The Investment Plan will be assessed by MHCLG and if successful Heads of Terms will be offered. The final decision on Heads of Terms offers rests with Ministers.
- 5.2 Heads of Terms are an agreement in principle for funding and will be in the form of a Memorandum of Understanding (MOU), signed by the Chair of the Town Deal Board, the Lead Council and by Ministers
- 5.3 The Heads of Terms will include:
- Allocated Towns Fund budget and financial profile
 - List of projects to receive funding and recommended assurance route for business cases

- List of support agreed by other government departments (where applicable)
 - Key conditions and requirements
- 5.4 Examples of conditions which may be attached include target figures for match funding, minimum benefit cost ratios, meeting a spend profile, requirement to engage with government bodies, improved value for money or confirmation of planning approval.
- 5.5 After agreeing Heads of Terms, towns have two months to confirm which projects will be taken forward as part of their Town Deal, this should include the following information on each project:
1. Towns Fund ask
 2. match-funding total and breakdown
 3. expected outputs and outcomes
 4. plan for addressing key conditions
 5. whether the project will be fast-tracked
 6. proposed financial profile and the Revenue/Capital split (approval at MHCLG's discretion)
- 5.6 Following the agreement of Heads of Terms, towns will have up to one year to develop agreed projects in detail, complete and assure comprehensive business cases, and submit a Summary Document to MHCLG (Ministry of Housing, Communities and Local Government) to show that this has been completed in line with the agreed conditions and requirements in the Heads of Terms. Where Heads of Terms agree to fast track a project, this stage of the process can proceed considerably faster. MHCLG will need to review and be satisfied with the Summary Document before funding can be released.
- 5.7 New guidance for the Business Case Stage has recently been released. **See Appendix 3.** This states that Towns should develop full business cases for each agreed project in line with HM Treasury's Green Book. A business case must be developed for each selected project in line with the conditions agreed in the Heads of Terms.
- 5.8 The guidance states that the Council, as the accountable body, will be responsible for implementing the Town Deal. The Town Deal Board should have an ongoing role and have sight of decisions as projects are developed in more detail or possible changes are made. The nature and degree of the Board's oversight should be agreed locally.
- 5.9 Locally, ultimate decision-making responsibility will lie with the accountable body, but the Town Deal Board Chair will be a signatory to the Summary Document and should make decisions in partnership and collaboration with the Town Deal Board.

- 5.10 All business cases should pass through local assurance mechanisms with oversight from the Town Deal Board. A plan should be in place to enable this. MHCLG reserves the right to call in any business case to be assured centrally. MHCLG may only require sight of the Summary Document, although MHCLG also reserves the right to call in any business case to be assured centrally.
- 5.11 Since the publication of the further guidance for the Towns Fund, adjustments have also been made to the way projects will be assessed. Benefit-cost ratio and the level of match-funding secured will no longer be included in the criteria for project assessment. The project assessment criteria will now be based upon:
- Alignment with intervention framework
 - Strategic, evidence-based, place-focused rationale
 - Scale of outputs and outcomes, realism of theory of change
 - Deliverability, risks and match funding
 - Cost comparison

6. RISK IMPLICATIONS

- 6.1 There is a risk that a Town Deal will not be agreed by the Government if the projects or proposals are deemed to be of insufficient quality. Should towns fail to submit a Town Investment Plan of sufficient quality, they will be given one more opportunity to do so. If they fail a second time, they will no longer be eligible for a deal, although they may be eligible for a future competitive round of the Towns Fund.
- 6.2 There is also a risk that a lower level of funding will be awarded than is requested. If this happens, the level of funding allocated to each of the projects or even the inclusion of some of the projects may need to be re-evaluated. The Council and Town Deal Board may need to consider re-submitting the Investment Plan depending upon the implications.
- 6.3 There are risks attached to each of the prioritised projects due to the level of development work that's still required to be completed at business case stage. This work includes detailed project design, technical studies, assessments, negotiations, planning and further community and stakeholder engagement.
- 6.4 The identified costs of the projects are likely to change once further development work has been undertaken. Only high level cost estimates and assumptions are available for the majority of the projects at this stage. There is therefore a risk that some of the projects have to change in scope or may even become undeliverable once further project development work has been undertaken. These risks will be managed through the implementation of strong project governance processes and procedures. The total cost of the programme will need to be managed within the approved budget envelope.

- 6.5 If any issues arise with the identified projects at business case stage there could be a risk to public confidence and public perception. Public buy-in for the projects may therefore be difficult to achieve. This will be managed through a clear communications and stakeholder engagement strategy.
- 6.6 The Towns Fund is aimed at transformational projects which by their nature are often more complex and challenging to deliver and therefore carry more risk. They do however deliver a greater level of benefits to Hartlepool and provide the required level of change.
- 6.7 The Business Case guidance in **Appendix 3** states that there may be circumstances where towns wish to make adjustments to projects, or indeed replace them with alternatives. If this is required the Council will have to engage with the Town Deal Board to discuss any changes and must be proactive in consulting their local Towns Fund lead on any potential changes to approved plans.
- 6.8 Adjustments can be made following a Heads of Terms offer before the final list of projects are agreed, up to two months after Heads of Terms offer. In most cases a project adjustment form is not required at this stage. The local Towns Fund lead should be consulted in the first instance.
- 6.9 Changes may also be made between agreeing the final list of projects and completing the full business case, where there has been a change in circumstances.
- 6.10 Approval of any changes will be at the discretion of MHCLG. Adjusted projects will be reassessed against the original project assessment criteria to determine what effect the adjustment has had on the project. If concerns are not addressed, the town will have the opportunity to make a more detailed case for the adjustment in a working-level challenge conversation with MHCLG. No additional funding will be allocated if new or adjusted projects are of higher value.

7. FINANCIAL CONSIDERATIONS

- 7.1 All towns will be able to put forward project proposals totalling up to £25 million (or more in exceptional circumstances). The exact amount offered, however, will depend on the total of all the projects that are assessed as viable.
- 7.2 The Hartlepool Town Deal Board is requesting £25m for the identified projects. Co-funding and match funding has been identified against each of the projects where available.
- 7.3 If the Town Deal is agreed, funding will need to be identified to develop the business cases for the prioritised projects. This will involve the required level of design, feasibility and costing work. The funding requirements are

currently being identified and will be reported back to a future Finance and Policy Committee meeting.

8. LEGAL CONSIDERATIONS

- 8.1 State aid advice has been commissioned for the Wesley Chapel project. Further due diligence on each of the projects will be undertaken at business case stage.

9. CONSULTATION

- 9.1 The level and quality of community engagement, what has been done so far and what is planned in the future will be a key factor when assessing and agreeing Towns Deals. Every Investment Plan must therefore include a Stakeholder Engagement Plan. The Stakeholder Engagement Plan and results from the first round of consultation can be found within **Appendix 2**.
- 9.2 The first phase of the community engagement process is now complete. 461 resident and 71 business surveys were returned. The results provide a comprehensive picture of the priorities and challenges that the Town Investment Plan needs to address.
- 9.3 A wide range of activity was undertaken to obtain the views from as many residents and businesses as possible. The survey was publicised using a variety of methods including social media, press releases, online meetings, letter drops to businesses and inclusion in a Council newsletter distributed to all households.
- 9.4 A wide range of stakeholder's supported the engagement process including Love Hartlepool, Hartlepool United Football Club, Middleton Grange Shopping Centre, the North East Chamber of Commerce, the Salaam Centre and the Federation of Small Businesses. These organisations helped to publicise the survey through their communication channels and to their networks.
- 9.5 In addition to the surveys a special meeting of the Economic Regeneration and Tourism Forum was held. Meetings also took place with Voluntary Sector organisations and 1:1 meetings were held with key stakeholders.
- 9.6 A range of previous surveys were analysed to supplement the data including results from the Council Plan and Covid Recovery consultations.
- 9.7 A second round of community engagement took place in December and January to obtain feedback on the shortlisted projects and to publicise the results of the first consultation. The results are currently being analysed.

10. CHILD AND FAMILY POVERTY

- 10.1 The proposals for the Towns Fund will have a positive impact on reducing child and family poverty. The aim of the fund is to address growth constraints and unlock the economic potential of Hartlepool. The fund also forms part of the Government's broader COVID-19 recovery package.
- 10.2 The individual projects are designed to create jobs, improve skills and generate new economic activity, particularly within the town centre. This will provide opportunities for local people and help to reduce the incidences of child and family poverty.

11. EQUALITY AND DIVERSITY CONSIDERATIONS

- 11.1 The economic benefits from the Town Investment Plan are dedsigned to benefit all individuals and groups within Hartlepool.

12. STAFF CONSIDERATIONS

- 12.1 Staff resources will be reviewed if the Town Deal is approved and business cases need to be developed for individual projects.

13. ASSET MANAGEMENT CONSIDERATIONS

- 13.1 There are no asset management considerations as a result of this report.

14. RECOMMENDATIONS

- 14.1 The Finance and Policy Committee is recommended to:
1. Approve the content of the Town Investment Plan included in **Confidential Appendix 1. This item contains exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, (para 3) information relating to the financial or business affairs of any particular person (including the authority holding that information).**
 2. Approve the submission of the Town Investment Plan to the Government by the 29th January 2021.
 3. Note public engagement strategy detailed in **Appendix 2.**

15. REASONS FOR RECOMMENDATIONS

- 15.1 The recommendations will approve the submission of the Town Investment Plan which will inform a Town Deal with the Government worth up to £25m.

16. BACKGROUND PAPERS

- 16.1 Finance and Policy Committee, Towns Fund, Town Centre Masterplan and High Street Taskforce- 29th June 2020

17. CONTACT OFFICERS

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Sign Off:-

Managing Director



Director of Resources and Development



Chief Solicitor



CHILD AND FAMILY POVERTY IMPACT ASSESSMENT

1. Is this decision a Budget & Policy Framework or Key Decision? YES				
If YES please answer question 2 below				
2. Will there be an impact of the decision requested in respect of Child and Family Poverty? YES				
If YES please complete the matrix below				
GROUP	POSITIVE IMPACT	NEGATIVE IMPACT	NO IMPACT	REASON & EVIDENCE
Young working people aged 18 - 21	X			The Town Investment Plan will create new employment opportunities and opportunities to improve skill levels within the town
Those who are disabled or suffer from illness / mental illness	X			The Town Investment Plan will create new employment opportunities and opportunities to improve skill levels within the town The Town Investment Plan proposes to improve connectivity and accessibility around the Town Centre.
Those with low educational attainment	X			The Skills projects will offer opportunities at Level's 1,2,3 and 4 within Health and Social Care and Civil Engineering.
Those who are unemployed	X			The Town Investment Plan will create new employment opportunities and opportunities to improve skill levels within the town
Those who are underemployed	X			The Skills projects will offer opportunities at Level's 1,2,3 and 4 within Health and Social Care and Civil Engineering.
Children born into families in poverty	X			The Town Investment Plan will provide opportunities for families of children born into poverty by creating

				employment opportunities and improving the economy of Hartlepool
Those who find difficulty in managing their finances			X	N/a
Lone parents	X			The Town Investment Plan will create new employment opportunities and opportunities to improve skill levels within the town
Those from minority ethnic backgrounds	X			The Town Investment Plan will create new employment opportunities and opportunities to improve skill levels within the town
Poverty is measured in different ways. Will the policy / decision have an impact on child and family poverty and in what way?				
Poverty Measure (examples of poverty measures appended overleaf)	POSITIVE IMPACT	NEGATIVE IMPACT	NO IMPACT	REASON & EVIDENCE
Overall employment rate (%)	X			The Town Investment Plan will create new employment opportunities and create new opportunities to develop skills
Overall impact of Policy / Decision				
NO IMPACT / NO CHANGE	X	ADJUST / CHANGE POLICY / SERVICE		
ADVERSE IMPACT BUT CONTINUE		STOP / REMOVE POLICY / SERVICE		
Examples of Indicators that impact of Child and Family Poverty.				
Economic				
Children in Low Income Families (%)				

Children in Working Households (%)
Overall employment rate (%)
Proportion of young people who are NEET
Adults with Learning difficulties in employment
Education
Free School meals attainment gap (key stage 2 and key stage 4)
Gap in progression to higher education FSM / Non FSM
Achievement gap between disadvantaged pupils and all pupils (key stage 2 and key stage 4)
Housing
Average time taken to process Housing Benefit / Council tax benefit claims
Number of affordable homes built
Health
Prevalence of underweight children in reception year
Prevalence of obese children in reception year
Prevalence of underweight children in year 6
Prevalence of obese children in reception year 6
Life expectancy

Hartlepool Town Investment Plan

Stakeholder Engagement Strategy

Introduction

The **Hartlepool Town Investment Plan** is our 'Charter for Change'. It says that we are prepared to lead the evolution of Hartlepool to secure the rewards of a modern town. The Town Investment Plan sets out investment priorities that can drive economic growth, supported by a clear understanding of Hartlepool focusing on its assets, opportunities and challenges. Through a robust assessment and detailed understanding of what needs to change in Hartlepool (the jobs value gap, social mobility and skills constraints, and a dysfunctional and disconnected central area), a series of priority actions and projects have been identified which will have the most direct and catalytic impact on change in our town.

The development of the Town Investment Plan has been informed by extensive stakeholder and community engagement. This has included review and analysis of engagement which has taken place over the last two years by Hartlepool Borough Council (HBC) as well as specific activities to identify and evidence priority projects for the Town Investment Plan which have taken place during 2020.

The purpose of this stakeholder engagement strategy is to guide continued interactions with stakeholders and communities as the Town Investment Plan progresses and priority projects are further developed. Town Deal Board members, as representatives from across Hartlepool's public, private and voluntary sectors, have a pivotal role to play in this process.

Consultation and engagement has needed to respond flexibly to the changing Covid-19 situation and restrictions which have been in place. Engagement by virtual / digital means is likely to continue to be important, as will the identification of innovative and creative methods to engage with those who are digitally excluded.

Engagement Objectives

The Terms of Reference agreed by the Town Deal Board state that Board Members will be committed to working with all local stakeholders in a consistent, collaborative, inclusive and open manner. This will be achieved through:

- listening to stakeholders
- ensuring partnership working where this adds value to the engagement process, and
- working with local people, businesses and organisations to understand the range and type of information that they are interested in.

Engagement objectives for the ongoing development of the Town Investment Plan are as follows:

- continue to develop a detailed understanding of key issues, challenges and opportunities
- obtain qualitative and quantitative data that can be used to inform the development of specific projects / priorities
- understand market expectations
- understand consumer expectations on a local level
- identify co-funding opportunities from the public and private sectors
- evidence the need for Government funding
- galvanise support for, and inspire ownership of, the town centre
- develop and validate ideas
- provide additional (supplementary) metrics from engagement intelligence

The Town Deal Board

The Board incorporates representation from the public, private and voluntary sectors within Hartlepool and will continue to have an instrumental role to play in terms of stakeholder engagement as the Town Investment Plan progresses. A critical role of the Board is for individual members to continue to

use their own networks to disseminate information about TIP projects, the ongoing TIP process and to publicise relevant engagement activities.

Town Deal Board members are as follows:

- Mike Hill, Hartlepool MP
- Shane Moore, Leader of Hartlepool Borough Council
- Mike Young, Deputy Leader of Hartlepool Borough Council
- Christopher Akers-Belcher, Chair of Regeneration Services Committee, Hartlepool Borough Council
- Leisa Smith, Vice Chair of Regeneration Services Committee, Hartlepool Borough Council
- Alby Pattison, AP Services (North East) Limited
- Denise McGuckin, Director of Regeneration and Neighbourhoods, Hartlepool Borough Council
- Dr Gill Danby, NECC (Hartlepool)
- Mark Hughes, Hartlepool 6th Form College
- Martin Raby, Northern School of Art
- Simon Hanson, Federation of Small Businesses
- Alison Fellows, Tees Valley Combined Authority
- Martin Jesper, Hartlepool United Football Club
- Ross Burns, Middleton Grange Shopping Centre
- Ros Adamson, National Museum of the Royal Navy
- Craig Dohring, EDF
- Darron Hankey, Hartlepool College of Further Education
- Maxine Craig, Love Hartlepool
- Catherine Conroy, One Public Estate
- Stephen Hind, Network Rail
- Marie Kiddell, Homes England

Overview of Engagement to Date

Wider Engagement

Evidence from a range of engagement streams and activities has been brought together to illustrate the need for the priority projects being taken forward in the Town Investment Plan. These include wider engagement activities than simply those undertaken in relation to either the Town Investment Plan or the Town Centre Masterplan (which has been running concurrently with preparation of the Town Investment Plan and has helped to inform the identification of priority actions for Hartlepool town centre), including:

- Surveys undertaken to inform the Council Plan 2020-2023 (over 250 responses received in 2019)
- Engagement undertaken to inform HBC's Covid-19 Recovery Plan – this comprised a range of engagement activities including members seminar, online employee survey and virtual workshops held with primary and secondary school headteachers, public sector partner organisations, voluntary and community sector (VCS) organisations and representatives of business and faith communities
- Findings from the Tees Valley Covid-19 Business Survey undertaken in 2020.

Project-specific consultation that has been undertaken over the course of the last year, and which may have relevance to Town Investment Plan projects, includes consultation for heritage projects such as The Shades Hotel and surveys undertaken by HBC on behalf of the proposed relocation of leisure services to the Waterfront in Hartlepool.

A summary of the outcomes of this wider engagement activity is provided at Appendix A.

Town Investment Plan Engagement to Date

Engagement activities which have been specific to the development of the Town Investment Plan are summarised in Table 1. The table shows the breadth of activities that have taken place across a variety of stakeholder groups; outcomes from this engagement have been used to inform both the Town Centre Masterplan and the Town Investment Plan. The restrictions on face to face meetings and larger gatherings as a result of the Covid-19 pandemic have resulted in a greater focus on online activities and information gathering than would otherwise have been the case; however this is not considered to have compromised the engagement work and efforts have been made to reach out to groups who may be digitally excluded.

Table 1 **Summary of Engagement Activities**

Activity
<ul style="list-style-type: none">• Town Deal Board meetings• One to one interviews with stakeholders (business interests, local colleges, key landowners)• #My Town online engagement portal – 90 suggestions were received• Online Local Residents Survey (publicised through an extensive network of communication channels) – a total of 469 responses were received• Online Local Business Survey – a total of 71 responses were received• Members Seminar• Young People's Group• Online discussion with the Economic Regeneration and Tourism Forum• 'Sector Connector' call (online discussion with the Voluntary and Community Sector via Hartlepower)• Public exhibition presenting Town Centre Masterplan and TIP interventions

Key findings from a number of these activities are provided below.

#My Town

The #My Town online engagement portal generated some 90 responses in relation to Hartlepool. Analysis of these responses highlighted the following themes:

- concerns around anti-social behaviour within and around the town centre (18%)
- various comments around the need for more training and employment opportunities focusing on various industries / sectors of the population (for example young people) (13%)
- issues associated with the quality of the town centre environment, for example empty properties (12%)
- a desire to see improved healthcare facilities (either in connection with the hospital or specific services such as mental health care) (12%)
- rail connectivity (11%)
- the importance of youth services as a means of providing young people with 'something to do' and thereby addressing anti-social behaviour (9%)
- improvements to parking (various aspects relating for example to cost of parking as well as provision of sufficient parking spaces) (7%)

Hartlepool Online Surveys

Two online surveys were developed as part of the community engagement for the Town Centre Masterplan and Town Investment Plan; one survey was directed at local residents and the second at local businesses. Both surveys were publicised in a number of ways, including:

- through the networks of Town Deal Board members
- via the Hartlepool Borough Council website and associated social media links

- information about the Towns Fund and the survey link were included in a letter distributed to all households in Hartlepool as part of the Covid-19 Recovery Programme
- through other HBC networks including the Citizen's Panel, links to Parish Councils and organisations such as Hartlepool Civic Society, to residents' associations, and in the Allotments Newsletter
- The Salaam Centre
- media campaign managed by HBC including links with Radio Hartlepool and the Love Hartlepool magazine
- through the Hartlepower network of voluntary and community sector organisations
- hard copies of the survey were completed during a session with young people

Both surveys were open for a six week period during August and September 2020. A total of 469 responses were received to the local residents' survey and a further 71 responses were received to the local businesses survey. A comprehensive overview of the findings of the online surveys is provided at Appendix B.

Young people

Young people were engaged both through the online survey and through a 'young people's group' facilitated by HBC. The online survey was completed by 26 young people aged between 16-25. This age group were specifically concerned with issues relating to the availability of job and training opportunities, regeneration of the town centre, notably the attractiveness of the environment and various comments relating to shops (availability, range).

Younger children (aged under 16) felt typically that there was a lack of facilities for their age group; other concerns related to youth services, a lack of information about mental health, and concerns about the environment (pollution, climate change). Words used by young people to describe Hartlepool in the future included 'happy', 'prosperous', 'beautiful', 'healthy' and 'attractive'. Priorities for the future included more things to do, more shops and a better environment.

Children and young people remain an important group to engage with as priority projects for the Town Investment Plan are developed.

Voluntary and Community Sector

An online discussion with representatives from the Voluntary and Community Sector was held in August 2020, facilitated by Hartlepower. The session was attended by representatives of ten organisations and was used as a forum to discuss issues and opportunities facing Hartlepool of relevance to the development of priority projects for both the Town Investment Plan and Town Centre Masterplan. Key issues raised during the session included:

- the importance of economic regeneration. Opportunities include the value of small, very cheap 'starter units' for new businesses; creation of the space, conditions and support for a cluster of digital businesses.
- that poverty and entrenched disadvantage are evident within Hartlepool, including digital exclusion.
- it is important for Church Street to serve a purpose, be better used, be made more attractive and become the kind of place that people want to visit and in which to spend time (and money). An attractive, vibrant Church Street is the missing pedestrian/cycle link between the town centre and waterfront area.
- emphasis should be placed on cycling and walking.
- emphasis should be placed on greening the town centre – much research indicates the emotional and physical health benefits of contact with nature. Alongside this is the importance of beauty – in just the same way as nature is a balm for the soul, so are beautiful objects, buildings and spaces.

Mechanisms by which ongoing engagement with hard to reach groups – particularly those who are digitally excluded – could be achieved were discussed, and various networks and opportunities identified, including working through the network of Community Organisers that exists within Hartlepool.

Public Exhibition

[placeholder – to be completed following exhibition]

Approach to Ongoing Engagement

There will be several purposes to ongoing engagement activities undertaken as part of the Town Investment Plan. As priority projects are developed, there will be a need to keep communities and stakeholders informed of progress; equally there is likely to be a need to use stakeholder input to further develop projects and understand various nuances; finally, there will be a requirement to develop collaborative working practices with partner organisations as part of project delivery.

Responsibility / ownership

Xxx

Engagement Activities

Table 1 provides a summary of proposed engagement activities by stakeholder group; it is noted that these may change over time.

Table 1 *Engagement by Stakeholder Group*

Stakeholder Group	Engagement Activities
Town Deal Board	<p>Provide updates on engagement activities at Town Deal Board meetings.</p> <p>Information sharing regarding progress of the Town Investment Plan via networks of Town Deal Board networks.</p> <p>Meetings with individual Board Members to discuss collaborative working practices as they may relate to specific projects.</p>
Local residents	<p>HBC to promote a continued engagement campaign (social media, website, mainstream media) to raise awareness of the process, next stages and opportunities for continued involvement.</p> <p>Discussions via the Citizen's Panel and Youth Council.</p> <p>Non-digital information provision (e.g. utilise wall space / empty retail units within Middleton Grange Shopping centre to present updates about proposals at key stages / present information at locations including libraries).</p> <p>Include information about Towns Fund projects within Covid-19 Recovery information publicised to local residents (e.g. household letters).</p>
Local businesses	<p>Regular discussions with the Economic Regeneration and Tourism Forum</p> <p>Regular discussions with business forums and networks to update on next stages and opportunities for continued involvement.</p>
Voluntary and community sector	<p>Hold regular catch-up sessions via Hartlepower's Sector Connector call.</p>
Hard to reach groups	<p>Utilise trained Community Organisers within Hartlepool as a network through which people who may be digitally excluded can be informed of projects and feedback obtained.</p> <p>Promote information via The Salaam centre.</p>
Young people	<p>Formalise a Young People's Group via which ongoing engagement can take place.</p> <p>Information sharing with students via Town Deal Board networks (Northern College of Art / Hartlepool College of Further Education).</p> <p>Identify project-specific opportunities for input with students.</p>

In addition to these over-arching engagement activities that are proposed, there will be additional activities planned as part of the progression of individual projects. An indicative list of engagement by each of the priority projects included within the Town Investment Plan is given in Table 2.

Table 2 *Project-specific Engagement*

Priority Project	Engagement Activities
E.g. Waterfront Connectivity	E.g. Survey of visitors to the NMRN (subject to restrictions being lifted) to obtain feedback about benefits of potential connectivity improvements.
E.g. Training and skills centre	E.g. Survey or workshop discussions with potential students to confirm training needs.

Potential Barriers to Engagement

Potential barriers to ongoing engagement, together with possible solutions, are summarised in Table 3.

Table 3 *Potential Barriers to Engagement*

Barriers to Engagement	Potential Solutions
Implications of Covid:19 – ongoing / new local lockdown restrictions to engagement with local residents, businesses and stakeholders as a result of travel restrictions and social distancing requirements.	Engagement techniques will continue to be adapted to specific situations – for example there will be ongoing emphasis on virtual engagement techniques (online surveys, use of websites to display consultation material).
Implications of Covid:19 – businesses may be less engaged in future thinking. Although the investment plans and needs of individual businesses will have changed, businesses themselves may not yet have a clear understanding of how and what assistance may be needed.	Importance of sowing the seeds of economic recovery during ongoing engagement forums.
Digital exclusion – a heightened possibility due to increased reliance on virtual methods of consultation (websites, online surveys) as a result of Covid:19.	Use of a combination of engagement techniques to incorporate non-digital opportunities (for example use of local press to publicise information).
Limited reach of Council communications – likely to be hard to reach groups and pockets of the community that will not be reached by Council publicity and communications.	Consider a range of opportunities to publicise consultation activities, for example networks of Town Deal Board organisations and local newsletters; utilise Hartlepool's VCS to ensure digitally excluded groups can also be reached.
Apathy from local residents – people having a low expectation that anything can be improved / not seeing the purpose of engaging.	Use of persuasive engagement techniques, interesting and interactive visual information, to try and create interest and encourage involvement. Identification and use of local 'influencers' (respected community members with extensive networks) to encourage involvement.

Monitoring and Evaluation

Monitoring and evaluation is essential to understand whether engagement is achieving its purpose and to demonstrate what the impact of engagement activities has been.

Monitoring activities include:

- Obtaining feedback from participants after each engagement activity where possible, to seek information regarding continuous improvement (quality of the event, opportunities for improvement).
- Recording counts of participants – where counts are low, seek information about reasons for this and ways to adapt for future events.
- Recording the types of people who have been engaged (i.e. local residents, local businesses, any demographic breakdown of engagement by age, gender, ethnicity, categorisation as 'hard to reach').
- Recording social media counts and interactions.

Evaluation is a process of collecting evidence and reflection in order to understand the effect of the engagement that has been undertaken. It is anticipated that the Towns Fund programme will, in time, be the focus of a national evaluation, in order to identify outputs and outcomes across the 101 towns which will have been in receipt of funding. Monitoring information collated as part of the preparation of the Hartlepool Town Investment Plan will be able to feed into this wider evaluation; outcomes are likely to relate to engagement as well as economic metrics.

APPENDIX A

Summary of Wider Engagement Activities

Evidence from wider engagement activities has been brought together to provide the context and illustrate the need for the priority projects identified in the Town Investment Plan. Relevant aspects of this wider engagement is summarised here.

The Council Plan

The Council Plan covers the period 2020/21 to 2022/23 and sets out strategic priorities for Hartlepool over this period. The Plan has been informed by an extensive period of consultation held during autumn 2019, where residents, employees and partners and partner organisations told HBC what they thought was going well in the town, what needed to improve and how organisations could work together to make a difference. The consultation comprised a four week online survey (responded to by more than 250 people), supplemented by three public drop-in events and targeted discussions with partner organisations, employers and HBC's Youth Council. The consultation identified that the majority of priorities identified in the previous Council Plan 2017-2020 were still important; these include:

- Increasing business and jobs and encouraging young people to come back to Hartlepool
- Developing recreational and leisure activities and facilities, particularly those that build on history / heritage
- Having a clean and attractive environment
- Access to the best education and learning opportunities.

Areas and issues that people felt needed to improve in Hartlepool included the empty and poor shop offer in the town centre, better employment and business opportunities, street cleaning / litter problems, crime and anti-social behaviour, public transport issues across town and parking issues.

The Council Plan has developed strategic priorities by which these issues can be addressed, shown in the box below.

Strategic Priorities – Hartlepool Council Plan 2020/21 to 2022/23

Growing a diverse economy by supporting businesses, increasing jobs, attracting inward investment and improving skills and aspirations

Creating a clean, green, and safe Hartlepool by protecting our environment and improving our neighbourhoods

Create an attractive and connected Hartlepool by attracting investment to improve key buildings, derelict land and our transport network

Developing a healthy Hartlepool by working with our communities to improve the health and wellbeing of our people

Building better beginnings and better futures for our children and young people

Building and improving homes that people want to live in

Shaping a well-led, safe, high performing and efficient council that is fit for the 21st Century

Engagement as part of HBC's Covid-19 Recovery Strategy

Extensive engagement has been undertaken during 2020 in order to inform HBC's Covid-19 Recovery Plan. This has included workshops and discussion sessions with elected members, primary and secondary school headteachers, public sector partner organisations, voluntary and community sector (VCS) organisations and representatives of business and faith communities. An online survey of HBC employees was also undertaken. Whilst much of the engagement has, by necessity, focused on technical aspects of HBC's and partners organisation's response to the Covid-19 pandemic and an

assessment of how successful various mechanisms to deal with aspects of the pandemic have been, the engagement has also identified wider concerns, needs and priorities which are of relevance to the ongoing development of priority projects included in the Town Investment Plan.

General themes from the engagement have acknowledged the particular characteristics of Hartlepool's population and the impact that the pandemic has had – for example on people in poverty, which is a much wider group than simply people claiming Universal Credit, but noting there is considerable in-work poverty too. Engagement highlighted the need to focus on the *causes* of poverty not just the symptoms and to get the 'voice of lived experience' as part of policy development. Other general themes included the fact that health inequalities which already existed in Hartlepool have been exacerbated by the Covid-19 situation.

Discussions with HBC employees identified a variety of areas of interest for both the provision of Council services and for local communities, including ways to improve physical activity, meeting mental health needs, providing ongoing support for vulnerable people (including people who have been made vulnerable as part of the Covid-19 pandemic, for example through job losses or eviction which will become apparent as various support schemes come to an end), and encouraging people to use the town centre in order to support local businesses.

The economic impact of the pandemic was a particular area for discussion with representatives from the voluntary and community sector (VCS). The VCS has a continued role to play in supporting people into work, self-employment and training.

Above all, the engagement has highlighted a need to harness the community activism that has developed as a result of the Covid-19 pandemic and continue to build on it. Discussions with partner organisations (including public and voluntary sector representatives) have showcased the benefits of working collaboratively, across agency boundaries.

Tees Valley Covid-19 Business Survey

The Tees Valley Combined Authority (TVCA) undertook a survey of businesses across the region in 2020 to identify early impacts of the Covid-19 pandemic. Findings from the survey were able to give an indication of sectors disproportionately impacted by the pandemic, as well as impacts as they affected the workforce and opportunities for ongoing training and recruitment. Concerns identified by businesses during the short term (next six months) related to loss of income, reduced business volume and revenue and challenges in adapting businesses to a new operating environment. In the longer term, challenges relate to encouraging re-uptake of services, reshaping businesses, uncertainties around the duration of restrictions and dealing with ongoing cashflow and revenue issues.

Project-specific engagement

Wider engagement activities have taken place in relation to individual projects and proposals and is of relevance to Town Investment Plan projects. Examples include surveys undertaken by HBC on behalf of the proposed relocation of leisure services to the Waterfront in Hartlepool, and consultation for heritage projects within Hartlepool such as The Shades Hotel. A summary of key findings from each of these is provided below.

Leisure Services Survey

During summer 2019, HBC carried out an exercise to engage with local residents about the future of leisure facilities in Hartlepool. The purpose of the exercise was to understand how people currently use leisure facilities and why; what people would like to see provided in any new facilities; and where any new facilities should be located. The engagement process involved an online survey (to which there were just over 1,000 responses) as well as surveys conducted by staff at venues including the Headland, Mill House Leisure Centre and within the Middleton Grange Shopping Centre (160 responses) and a series of roundtable and seminar events for members of the public and elected members.

Around 85% of responses to the online survey rated improving the sport and leisure facilities offer within Hartlepool as being 'very important', with a further 10% rating it as 'slightly important'. Factors deemed to be important in encouraging the use of leisure facilities within Hartlepool include opening times, cost and parking provision. Locating the leisure facility in a central, accessible place was responded to positively by 78.5% of people. Comments and suggestions made in relation to leisure

services provision included around the location – sites need to be accessible with good transport links including sustainable transport (walking and cycling links).

Engagement Activities Supporting the Church Street Revival Townscape Heritage Initiative

Funding from the Heritage Lottery Fund (HLF) has enabled improvements to public realm and properties within Church Street. A key part of the THI programme has been to raise awareness of the heritage and history of the Church Street Conservation Area, through a range of inclusive activities. These have included volunteers recording the physical characteristics of buildings in Church Street and Whitby Street; engagement with 300 students from across schools and colleges in Hartlepool to design a logo for the scheme; and working with the Youth Council, Children in Care Council and LGBT Youth Group to develop ideas with a local artist.

Community Consultation relating to the Shades Hotel

A press campaign promoted a survey with the general public to capture people's memories of Shades and what they value about the building. The findings from the survey confirmed that the building has been a cornerstone of Hartlepool's social history, and a landmark heritage building for generations within the town. Now derelict, the Shades appears to be an emblem of changed fortunes and regret for a town and community that once was. Comments made as part of the survey reflect not only the possibilities for the Shades, but also the importance of other at risk heritage buildings within Hartlepool:

'too many old Hartlepool buildings have been pulled down'

'the Shades re-furbished with a strong nautical flavour.....would be a very popular venue, a tribute to the hundreds of past seamen from the town'

'superb exterior'

'it reflects when Hartlepool had pride and money'

'too many classic buildings in Hartlepool have gone'

APPENDIX B

Summary of Findings from Online Surveys

Introduction

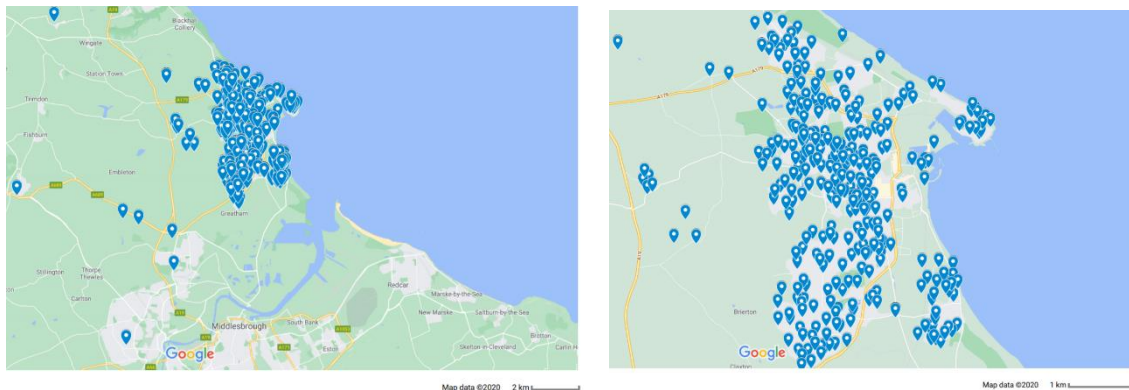
1. Two online surveys were developed as part of the community engagement for the Town Centre Masterplan and Town Investment Plan; one survey was directed at local residents and the second at local businesses. Both surveys were publicised in a number of ways, including:
 - through the networks of Town Deal Board members
 - via the Hartlepool Borough Council website and associated social media links
 - through the Hartlepower network of voluntary and community sector organisations
 - hard copies of the survey were completed during a session with young people
2. The surveys were open for a six week period during August and September 2020. A total of 469 responses were received to the local residents' survey and a further 71 responses were received to the local businesses survey.

Local Residents Survey

Overview of Respondents

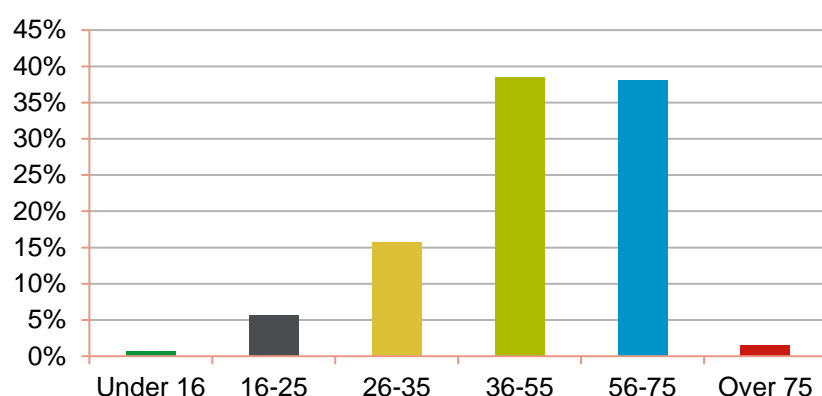
3. Respondents were asked to give their home postcode. The geographic spread of responses, across the region and across the town, is shown in the figures below. As would be expected, a large majority of respondents live in Hartlepool, and are distributed relatively evenly across the town including in Seaton Carew and the Headland.

Figures 1 and 2 – Geographic Distribution of Respondents (Region and Local Area)



4. The age of respondents to the survey is presented in Figure 3. The average age of respondents is estimated as being 50.

Figure 3 - Age of Respondents



What do People Like Most about Hartlepool?

5. The features most frequently cited by respondents are outlined in Table 1. Similar terms have been combined (for example 'coast', 'beach', 'seaside'). Key points from the table relate to:
- Respondents clearly value Hartlepool's coastal location and the access to and quality of its beaches and countryside connections (31%).
 - The character of local people was commonly raised in positive terms such as 'friendly', 'supportive' and 'community spirit' (19%).

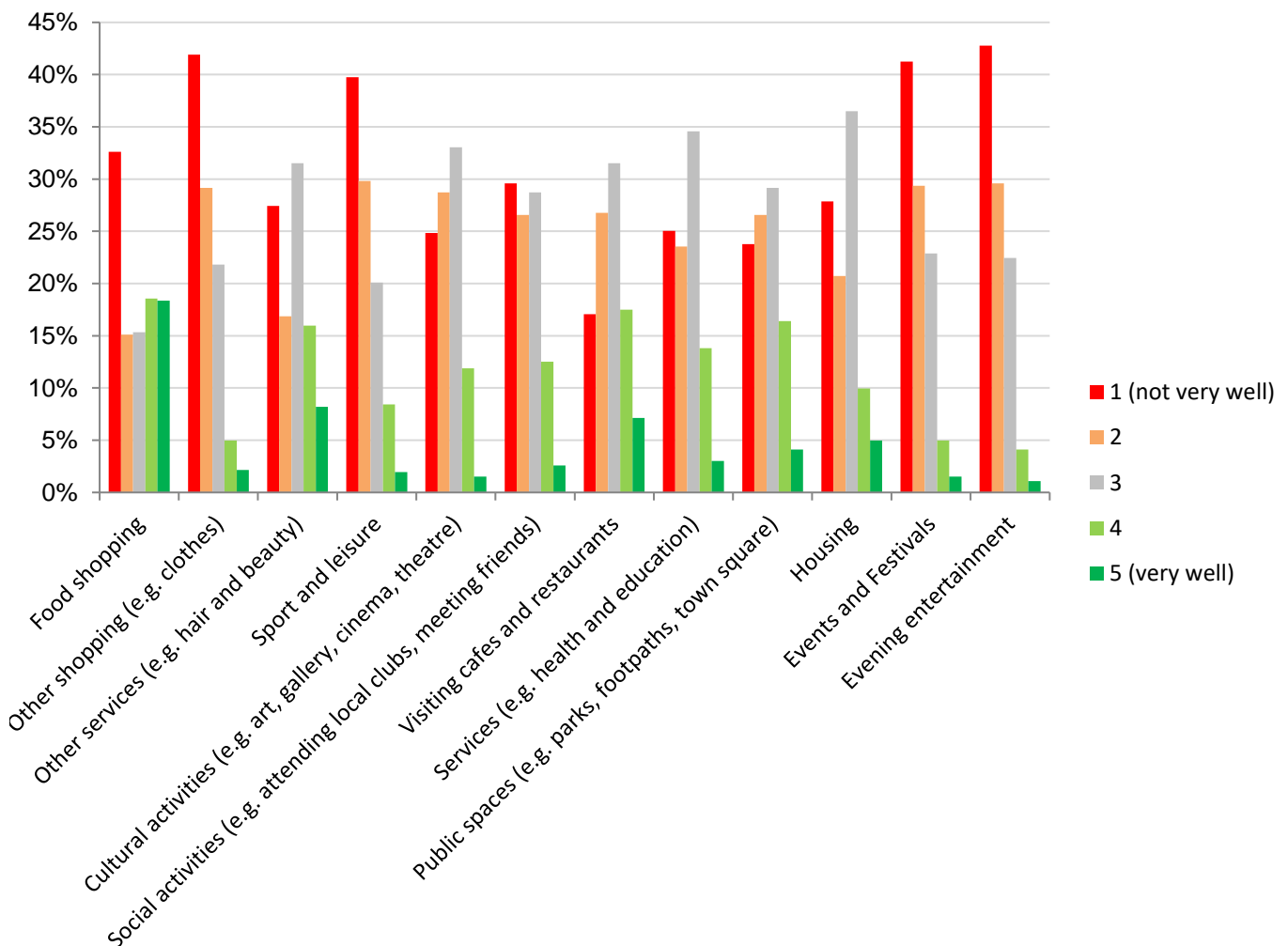
Table 1 – Most Frequently Used Word and Phrases

Common word	Number of Responses	Related issues
Coastline, beaches and countryside	60 (beach) 47 (coast) 38 (countryside)	Beautiful beaches Seaton Carew and Headland Coastal walks Historic coastline Proximity to coast and countryside
People	87	Friendly people Community spirit Honest / passionate about the town
Town	61	Hometown for many respondents Friendly and supportive town Coastal town History of the town
Marina / Waterfront	51	Attractive seafront / waterfront area Tourism potential
Green spaces e.g. parks	31	Green spaces in and around town Ward Jackson Park / Rossmere Park
Heritage	26	Local history

How well does Hartlepool Town Centre Currently Meet People's Needs?

6. Respondents were asked to rate how well Hartlepool town centre meets a variety of needs, from food shopping through to cultural events. Respondents were requested to think about a time prior to the Covid-19 pandemic, acknowledging that during lockdown people may have been using town centre services and facilities in a much more restricted way. Figure 4 illustrates the findings from this question. It is quite apparent from the graph that, for nearly every town centre service or experience described, respondents felt that Hartlepool does not meet needs. This is particularly the case for non-food shopping (for example clothes), sports and leisure services, events and festivals, and evening entertainment. Areas where the town centre performed slightly better relate to as a destination for food shopping, visiting cafes and restaurants and use of public spaces.

Figure 4 - How Well Does Hartlepool Town Centre Meet Needs Across a Range of Purposes



7. For each of the purposes listed in Figure 4 above, an average rating has been attributed. The rating is given out of five, with a higher figure corresponding to a more positive outcome. The results are shown in Table 2.

Table 2 – Average Rating by Town Centre Purpose

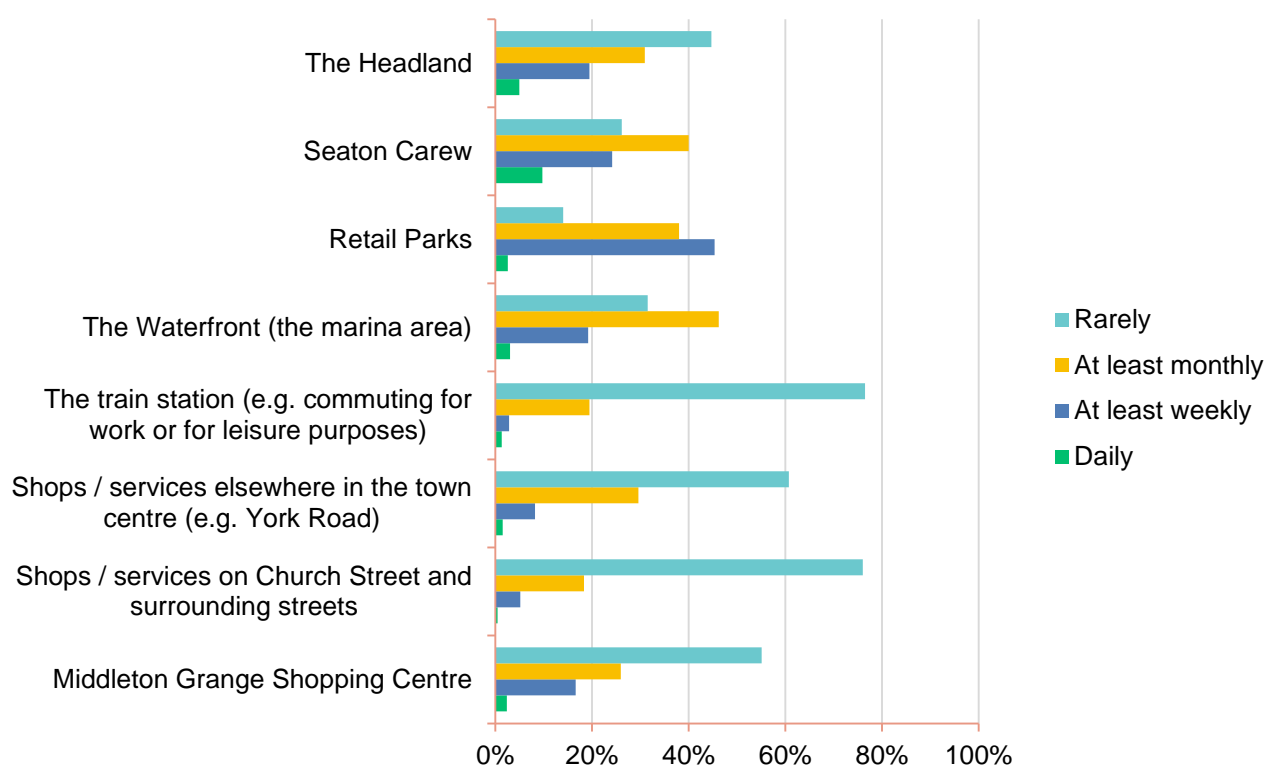
Rank	Purpose	Average Rating (/5)
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1	Food shopping	2.75
2	Visiting cafés and restaurants	2.71
3	Other services (e.g. hair and beauty)	2.61
4	Public spaces (e.g. parks, footpaths, town squares)	2.51
5	Services (e.g. health and education)	2.46
6	Housing	2.43
7	Cultural activities (e.g. art gallery, cinema, theatre)	2.37
8	Social activities (e.g. attending local clubs, meeting friends)	2.32
9	Sport and leisure	2.01
10	Other shopping (e.g. clothes)	1.96
11	Events and festivals	1.96
12	Evening entertainment	1.91

Frequency of Visits to Specific Areas within Hartlepool

8. Respondents were asked to specify the frequency of visits undertaken to certain locations and areas within Hartlepool. The results are shown in Figure 5. Key findings include:
- Retail parks are the most commonly visited places among respondents, with 48% visiting one at least once a week.
 - Shopping areas around the town centre (including Middleton Grange and the areas around Church Street and York Road) are visited relatively rarely by most respondents, particularly in comparison with retail parks.
 - Most respondents also rarely visit the train station for either commuting or leisure purposes.
 - After retail parks, the areas of Seaton Carew and the Headland are the most frequently visited with 34% and 24% of respondents stating that they visit at least once a week respectively. These figures may be inflated by respondents who live in these areas.

Figure 5 - Frequency of Visits to Locations Within Hartlepool



Ideas for making Hartlepool a Better Place to Live, Work and Visit

9. This was a free text question asking residents to state their ideas for making Hartlepool a better place to live, work and visit. A summary of responses is provided in Table 3. As with the previous question, similar terms have been combined. The most frequent responses related to:

- Improving the town centre in terms of environment, refurbishing empty buildings, public realm (39%)
- Improving the retail offer within the town centre, particularly at Middleton Grange (25%)
- Create more and better employment opportunities (23%)
- Many respondents want to see free or cheaper parking in areas such as the town centre, the marina and Seaton Carew (20%)
- Respondents want to see better links and connectivity between areas such as the town centre and the marina / waterfront area (12%)

Table 3 – Most Frequent Cited Priorities and Ideas

Main Category	Number and % of Responses	Sub-categories
Town centre	183 (39%)	Making Church Street a focus for the town centre More attractive town centre Refurbishment of empty buildings such as Wesley Chapel and Odeon cinema
Shops	118 (25%)	Improve Middleton Grange Shopping Centre More independent retail within the town centre Greater variety of shops
Jobs	110 (23%)	More employment opportunities

		Apprenticeships and training Retain jobs
Parking	94 (20%)	Free / cheaper parking in town centre Free / cheaper parking at the marina Free / cheaper parking in Seaton Carew
Marina	88 (19%)	Better bus routes to the marina
Connectivity	56 (12%)	Linking the town centre with the coast Active travel Improved walking and cycling routes

Hartlepool in the Future

10. Words used to best describe Hartlepool in the future are summarised in Figure 6 below.

Figure 6 – Words Used to Describe Hartlepool in the Future

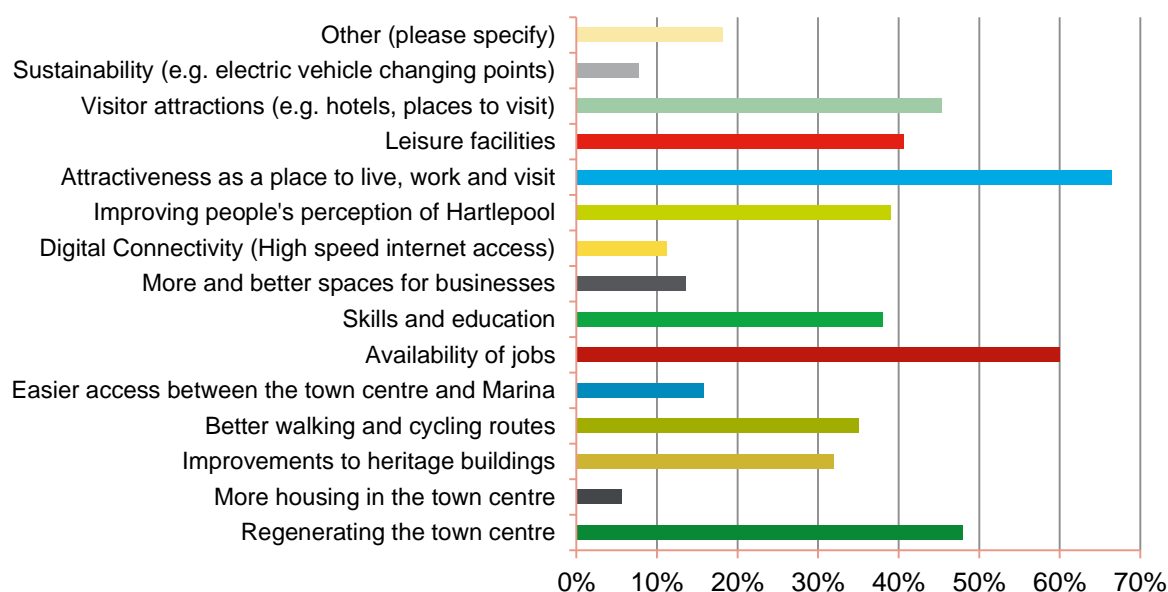


Priorities for Improving Hartlepool

11. This question required respondents to select up to five priorities for improving Hartlepool. The results are shown in Figure 7. The most common priorities were cited as:

- Attractiveness as a place to live, work and visit (67%)
- Availability of jobs (60%)
- Regenerating the town centre (48%)
- Visitor attractions (e.g. hotels, places to visit) (45%)
- Leisure facilities (41%)

Figure 7 - Top Five Priorities for Improving Hartlepool



Encouraging Visits to the Town Centre

12. Respondents were asked to identify their top three priorities which would encourage them to visit the town centre more often. Priorities predominantly fell into one of the following categories:

- **Shops** (72% of respondents) – better quality, more variety, greater number, more specialist and independent shops
- **Parking** (43%) – introduction of free or cheaper parking, more parking, reduction in parking fees at specified times of the day
- **Environment** (17%) – a clean and safe town centre environment; many respondents referred to anti-social behaviour within the town centre which acts as a disincentive to visit during both day and night
- **Transport** (6%) – improvements to public transport connectivity, train links, walking and cycling routes

Other Comments

13. The final question in the survey asked respondents for any further comments. A total of 290 people responded to this question (62%). Analysis of responses received shows that comments relate primarily to the following concerns and issues:

- Anti-social behaviour in and around the town centre (drug habits, crime, personal safety) (15% of responses to this question)
- Comments relating to improvements to the waterfront and marina areas in terms of improvements, connectivity, events and festivals (10%)
- Responses relating to aspects of Church Street and York Road – for example encouraging more shops, pedestrianisation (8%)
- Creation of more jobs and employment (8%)
- Introduction of free parking / more parking in the town centre as a way of encouraging people to visit (8%)
- Creating walking and cycling links and infrastructure (7%)

Comments include:

'We have no identity and cultural vision'

'Encourage quality start-up businesses and big employers to the town, create quality jobs with a future'

'encourage corporate investment into the town, which would increase job opportunities and improve the local economy.'

'Give people (young and middle-aged adults the opportunities to advance their careers without having to live or work outside of Hartlepool.'

'it is perceived to be too difficult/expensive to start up a business (especially by young people) and therefore we are not utilising all of the great initiative and talent within the town'

'We either need to get rid of Middleton Grange or brighten it up'

'Be bold. The town is on its knees, tinkering and tidying around the edges won't have an impact.'

'You need a radical rethink of the of the entire town centre offer.'

'continue to improve the town with reinvestment and renewal'

'Define the town centre'

'lack of free parking impacts on use of Middleton Grange, there is a poor choice of shops'

'take out excess capacity of buildings and put businesses more together rather than all over the place'

Local Businesses Survey

14. Local businesses were invited to complete an online survey of their experiences of Hartlepool from a business perspective. 71 responses were received.

15. The survey included a total of nine questions, with a mixture of open-ended and closed responses required. Four questions were designed to provide detail about business type / size / location and length of time in operation. A further four questions enabled respondents to provide information about their current perceptions of Hartlepool as a place, to identify priorities for the town as somewhere for businesses to locate and thrive, and to contribute towards the development of a vision of what Hartlepool might look like in ten years' time. A final question enabled any additional comments to be made by respondents.

Overview of Respondents

16. Figures 8 to 10 give an overview of businesses who have responded to the survey in terms of the length of time they have been in business, number of employees, and sector in which they consider themselves to work. The figures show that:

- Over half of businesses responding have been operating in Hartlepool for over 10 years (53% of respondents)
- A large majority of the businesses responding employ fewer than 10 people (67%).
- The most common sectors from which respondents were based were retail (21%) and tourism and hospitality (15.7%). No industries covered by 'other' were represented by more than one or two employers. The 'other' category included, for example, sports and leisure businesses, social housing enterprises and businesses such as funeral homes.

Figure 8 - Length of Time Business Has Been in Operation

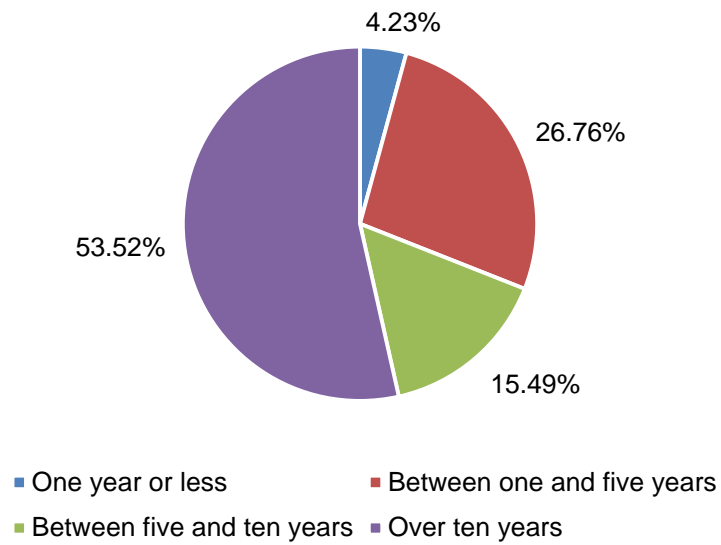


Figure 9 - Number of Employees

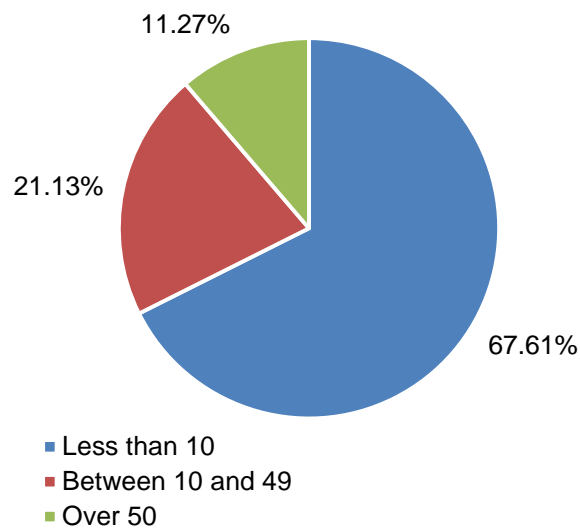
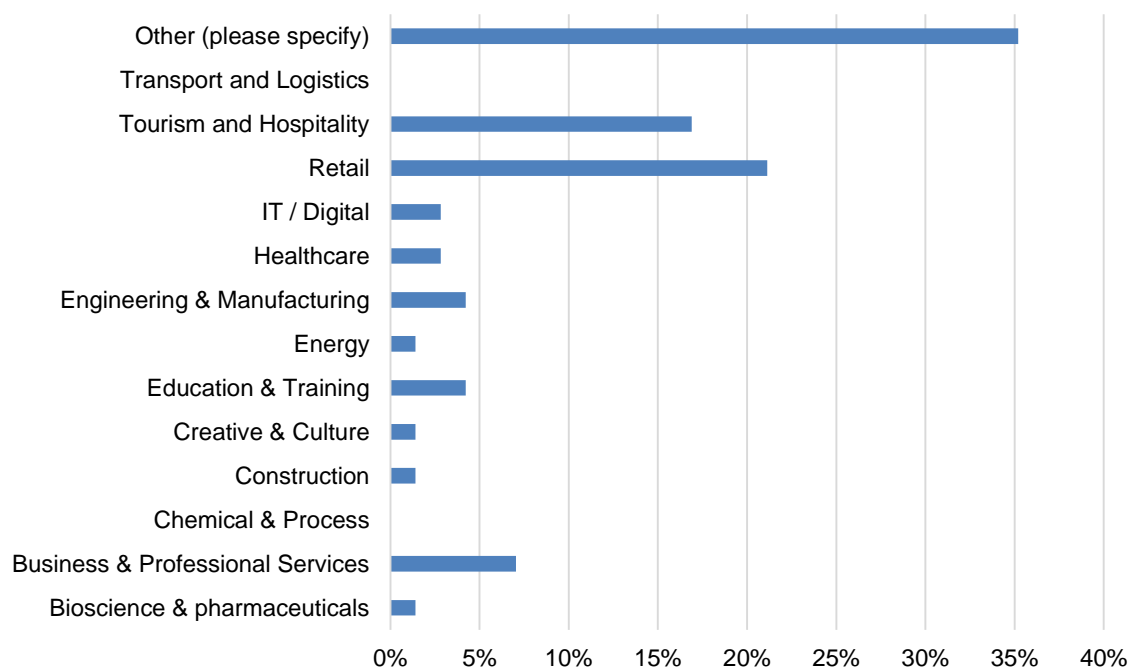
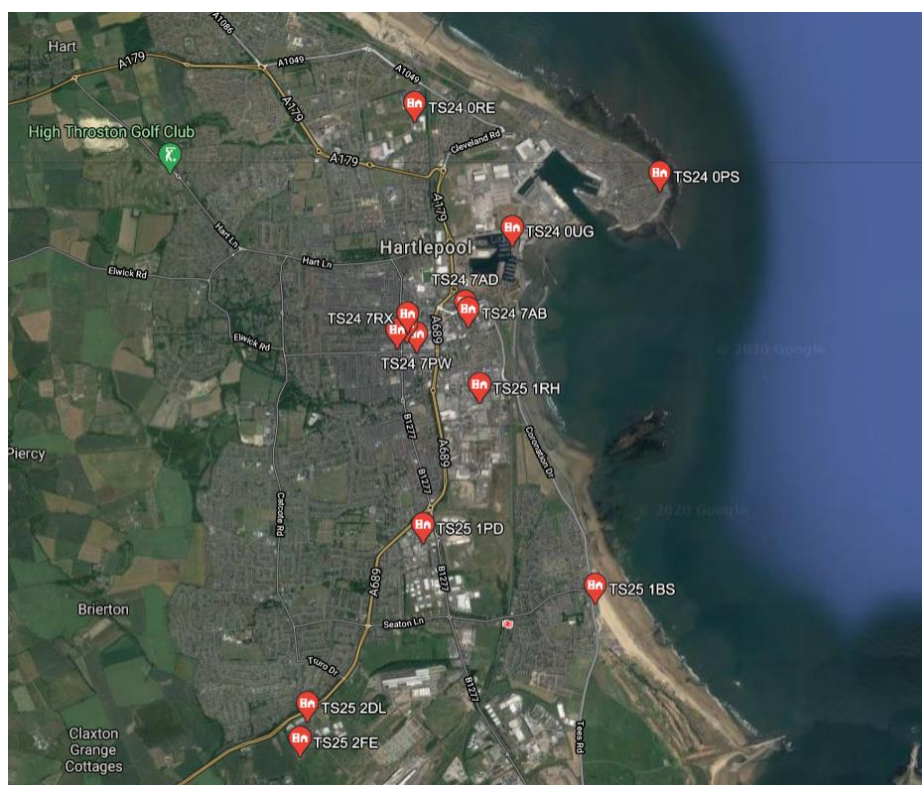


Figure 10 - Respondent by Industry Sector



17. Nearly 90% of respondents stated that their business had a physical premises. Responses have been received from businesses across the wider Hartlepool area as shown in Figure 11.

Figure 11 – Geographical Distribution of Respondents



What makes Hartlepool a good place to be in business?

18. This question was open for respondents to give any text answer. A word cloud of responses is shown in Figure 12.

Figure 12 – Words Used to Describe Hartlepool as a Good Place to be In Business



19. Responses to this question have been coded into a number of categories, as shown in Table 4 (noting that there are linkages between categories and sub-categories). The number of responses within each category and sub-category are shown in brackets. A number of respondents (approximately 15%) responded simply with phrases such as 'not much' and 'it isn't'.

Table 4 What Makes Hartlepool a Good Place to be in Business

Response Category	Sub-Category (number of responses)
Negatives (23%)	Parking costs (1) Demand for services (1) Poor retail diversity (1) Rates and rents too high (1) Social issues (1) General negative (11)
People and community (20%)	Character of people (7) Community links (6) Community support for local business (1)
Business and Support (17%)	Council support (4) Support for business (3) Low business rates (2) Quality of businesses (1) Third sector support (1) Availability of premises (1)
Location and Access (13%)	Road links (4) Regional Connectivity (2)

	National connectivity (2) Coastal location (1)
Services and Amenities (13%)	Good local services (1) Leisure opportunities (1) High demand for services (2) Marina potential (3) Good tourist information (1) Seaton Carew (1)
General potential (7%)	General potential (3) Support for businesses (1) Marina potential (1)
Living Conditions (6%)	Low cost of living (3) Cleanliness (1)
Skills and Training (3%)	Educational facilities (1) Creative industries (1)

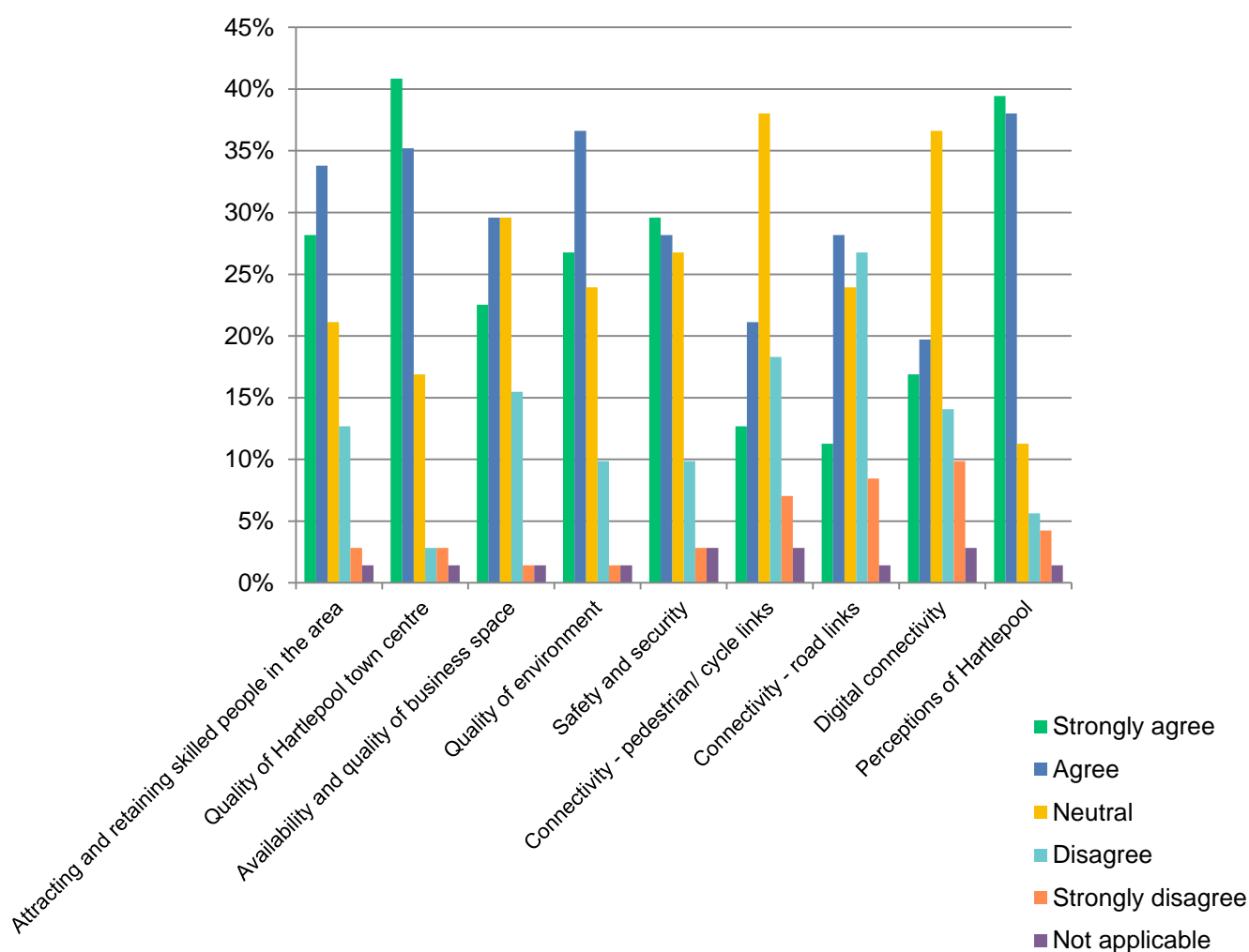
Factors Holding Back Business Growth in Hartlepool

20. Figure 13 summarises the responses to this question. The chart shows that the key factors considered to be holding back business growth in Hartlepool relate to:

- The quality of Hartlepool town centre (76% of respondents either agreed or strongly agreed with this point)
- Perceptions of Hartlepool (77% of respondents either agreed or strongly agreed)
- Quality of the environment (63% of respondents either agreed or strongly agreed)
- Attracting and retaining skilled people in the area (62% of respondents either agreed or strongly agreed)

21. Areas where there was less agreement related to connectivity by road (35% of respondents either disagreed or strongly disagreed that this was an issue compared with 40% of residents who considered it to be a factor holding back growth). Respondents were more inclined to feel neutral over pedestrian and cycle connectivity and digital connectivity as potential factors holding back business growth in Hartlepool.

Figure 13 - What is holding back business growth in Hartlepool?



22. A total of 27 respondents (38%) responded to the free-text 'other' box within the survey. Responses provided here in relation to what is holding back business growth in Hartlepool include:

- Cost of business units / rates / rents (5 responses)
- Lack for support for businesses (4 responses)
- Lack of an identity and direction for Hartlepool (4 responses)
- Affordable rail links / rail connectivity (2 responses)
- The need to address inequality
- Electric vehicle infrastructure

23. Quotes from local businesses in relation to barriers to business growth are given below.

'there needs to be an innovative approach to education, gearing schools from primary onwards to equip young people with the knowledge, skills and, above all, entrepreneurial attitudes they need for a complex and challenging future'

'Hartlepool needs to carve out a distinctive profile which differentiates it from other places'

'The vision and initiative for Hartlepool has to come from the council'

'It does not take a genius to figure out that people like free parking'

'Are we a tourist area, an area of culture, or is it about digital and technology?'

'Aspirations are very low in the town and need to be lifted'

'In my honest opinion Hartlepool doesn't feel like it looks forward enough. Almost like it doesn't believe in itself to be great'

Priorities / Ideas for Transforming Hartlepool as a Place for Businesses to Locate and Thrive

24. This was a free text question enabling respondents to state up to three priorities or ideas. Responses were coded into fourteen categories (again, noting that a number of these are interlinked). The categories are identified in Table 5, sorted by the number of responses given. The mostly frequently raised issues related to the need for support to be provided for businesses, with lower business rates and commercial rents commonly cited. Employers also frequently raised improving the image of the town as a key priority. Other priorities included cheaper parking, improving the town centre and high street, and finding ways to upskill the local population.

Table 5 - Priorities and Ideas for Transforming Hartlepool as a Place for Businesses to Locate and Thrive

Category	Sub-Categories	Number of Responses	% of Responses
Support for businesses	Lower business rates Lower rents Better access to funding	51	71%
Town centre / retail	More high-end retail Introducing more pedestrianised areas New draws for people, for example an indoor market	26	37%
Image of Hartlepool	Improving the first impressions of town Dealing with boarded-up shop units	25	35%
Parking	Cheaper parking Introducing free parking 'windows'	19	27%
Employment and skills	Skills-linked progression from primary to FE and business Linking up with universities	14	20%
Tourism, leisure and culture	Tourist information More major events	12	17%
Transport improvements	Better rail links and frequency Different and more frequent bus routes Better roadworks planning	10	14%
Crime and safety	Reduce drug issues / anti-social behaviour in town centre Reduce petty crime	10	14%

Institutional support	Improved communication / proactive actions by e.g. HBC	9	13%
Place-based priorities	Developing the marina area further Improving Seaton Carew and links to the town centre	7	10%
Social issues and equality	Address race and disability inequality Town affordability	6	8%
Digital	High-speed internet Social media campaigns	5	7%
Housing	Lower rent Independent and supported housing	2	3%

25. A brief analysis by business size highlights some variation in what issues employers considered most important (summarised in Table 6). Small, medium and large employers all considered support for businesses to be the most important issue. Small businesses (less than 10 employees) were more likely to consider the image of the town important, while medium-sized businesses (10-49 employees) considered reducing parking costs important as well as other transport issues such as road and rail improvements. Large businesses (over 50 employees) were more likely to consider the role of the town centre to be important, however it should be noted that this is from a smaller sample size of eight businesses (compared to 47 small businesses and 15 medium-sized).

Table 6 - Priorities by Business Size

Business size	Most frequent issue	Second most frequent issue	Third most frequent issue
Less than employees	Support for business	Town image	Town centre and retail
10-49 employees	Support for business Parking (= first)	-	Transport
Over 50 employees	Support for business	Town centre and retail	Town image Tourism, leisure, and culture Employment and skills Parking
All businesses	Support for business	Town image	Parking

Words to Describe Hartlepool in the Future

26. Figure 14 provides a summary of the most frequently used words and phrases which respondents felt best describe Hartlepool in the future from the perspective of local businesses.

Figure 14 – Words to Describe Hartlepool in the Future



Other Comments

27. The final question in the survey asked respondents whether there was anything else they wanted to express about experiences of Hartlepool from a business perspective? A total of 42 businesses responded to this question (60%). Analysis of responses received shows that they relate primarily to concerns about more support for businesses (whether this be financial, advisory or the provision of start-up and incubator units) as well as the importance of parking within the town centre and overcoming issues of perception.

Comments include:

'a network of local people (business and consumer) should be actively encouraged to participate in changing and growing Hartlepool into a place where business want to come'

'the town centre is dying ... access from York Road and Park Road is poor'

'there are a lot of negative perceptions from people outside of the town, whose views are tainted by very negative media representations'

'Hartlepool can support businesses well but must also be shown to be able to extend its influence throughout the area'

'There are lots of networks, but they seem to be in competition rather than joined up. This is a small town, and it should be easier to be more connected'



Ministry of Housing,
Communities &
Local Government

Towns Fund guidance (stage two): business case development

16 December 2020

1. Introduction

- 1.1. Once Heads of Terms has been agreed, towns are required to develop business cases for each project and submit a Summary Document to Ministry of Housing, Communities and Local Government (MHCLG). MHCLG will need to review and be satisfied with the Summary Document before funding can be released.
- 1.2. This guidance covers the development and appraisal of business cases for the Towns Fund, and other requirements related to project development and submission of the Summary Document. MHCLG and the Towns Fund Delivery Partner will provide support and guidance throughout this phase.

2. Overview of requirements

- 2.1. After agreeing Heads of Terms, towns have **two months** to confirm which projects will be taken forward as part of their Town Deal, this should include the following information on each project:
 1. Towns Fund ask
 2. match-funding total and breakdown
 3. expected outputs and outcomes
 4. plan for addressing key conditions
 5. whether the project will be fast-tracked
 6. proposed financial profile and the Revenue/Capital split (approval at MHCLG's discretion)
- 2.2. This information should be presented in the project confirmation table at Annex A, and submitted to the Towns Fund central inbox (towns.fund@communities.gov.uk) within two months of the deal being agreed. MHCLG will review and, if suitable, approve this information.
- 2.3. Towns should develop full business cases for each agreed project in line with [HM Treasury's Green Book¹](#).
- 2.4. The accountable body (as identified in the Town Investment Plan) will be accountable for implementing the Town Deal. The Town Deal Board should have an ongoing role and have sight of decisions as projects are developed in more detail or possible changes are made. The nature and degree of the Board's oversight should be agreed locally.

¹ <https://www.gov.uk/government/publications/the-green-book-appraisal-and-evaluation-in-central-government>

- 2.5. Locally, ultimate decision-making responsibility will lie with the accountable body, but the Town Deal Board Chair will be a signatory to the Summary Document and should make decisions in partnership and collaboration with the Town Deal Board.
- 2.6. A business case must be developed for each selected project in line with the conditions agreed in the Heads of Terms. Each business case should cover one project, as submitted in the project template. If a project consists of a package of smaller interventions, these can be grouped into one business case, as long as a strong strategic case is put forward demonstrating how the separate interventions link together to deliver a coherent vision. The value for money assessment must cover the project as a whole, but each intervention must be costed in the Financial Case.
- 2.7. Public Sector Equality Duty (PSED) should be fulfilled through a programme-level impact assessment; relevant project-level impact assessment should also be undertaken. It is recommended that this is undertaken by the accountable body. A summary of this work should be included as part of the Summary Document. Relevant Environmental Impact Assessments should also be undertaken.
- 2.8. Accountable bodies should work with appropriate partners to ensure effective delivery. For some individual projects it may be appropriate for other local delivery bodies (for example upper-tier authority or university) to lead on the development of business cases and on the delivery of the project. Where this is the case, a clear agreement should be made between the accountable body and the delivery body (for example in the form of a memorandum of understanding) for the allocation of any Towns Fund monies. All grant payments from the Towns Fund will be made to the accountable body.
- 2.9. All business cases should pass through local assurance mechanisms with oversight from the Town Deal Board: a plan should be in place to enable this. MHCLG also reserves the right to call in any business case to be assured centrally.
- 2.10. MHCLG will need to review and be satisfied with completed Summary Documents before funding can be released.

3. Guidance on developing business cases

3.1. Green Book compliant business cases should be developed for each project in order to allocate government funds. MHCLG may only require sight of the Summary Document, although MHCLG also reserves the right to call in any business case to be assured centrally. We expect business cases to include:

- a. The evidence for the intervention using rigorous analysis of quality data and the application of best practice.
- b. An assessment of value for money. Attention should be given to how different types of projects will be compared and assessed. Typically, this would include the following considerations at a level proportionate to the scale of funding required for the proposal:
 - i. a clear economic rationale that justifies the use of public funds in addition to how a proposed project is expected to contribute to strategic objectives
 - ii. clearly defined inputs, activities, outputs and anticipated outcomes, ensuring that factors such as displacement and deadweight have been considered
 - iii. benefits that exceed the costs of intervention using appropriate value for money metrics
 - iv. appropriate consideration of deliverability and risk along with appropriate mitigating action (the costs of which must be clearly understood).

3.2. Recognising the diversity of market conditions and the acute nature of the Covid-19 impact in some localities, no minimum value for money threshold is set for Towns Fund projects. However, to follow best practice, all business cases must contain robust value for money assessments. If value for money values are low, then additional justification should be provided. A variety of measures can be used to summarise value for money, this includes estimates for:

- a. **Net Present Social Value** - defined as the present value of benefits less the present value of costs. It provides a measure of the overall impact of an option.
- b. **Benefit-Cost Ratios** - defined as the ratio of the present value of benefits to the present value of costs. It provides a measure of the benefits relative to costs.

3.3. Net present social value and benefit-cost ratios should not be treated as a full representation of value for money. Rather, they should be used to summarise the benefits and costs that can be readily monetised or quantified. There may be wider strategic or social value to an intervention which may not be easily assimilated into calculations.

- 3.4. Business cases should address, in a proportionate manner, the five cases set out in the HM Treasury Green Book. The Green Book has recently been updated to ensure the methodology supports the delivery of Government's levelling up ambitions and other policy priorities. These updates include a much stronger emphasis on the strategic case backed up by rigorous theory of change analysis, and renewed clarity on what constitutes value for money. The full conclusions drawn from the review can be viewed in a [HM Treasury report](#)².
- 3.5. Business cases should be developed to meet the assurance requirements of the accountable body. In addition to the Green Book, other appraisal guidance should be followed for specific thematic interventions where available.
- 3.6. The five cases in the Green Book are:
- I. **strategic case** – must show the rationale, background, policy context and strategic fit of the public expenditure or public intervention, this should include clear objectives with a robust logic of change from inputs to outcomes.
 - II. **economic case** – with evidence of why a privately provided solution would fall short of what is optimal (market failure) and a list of options to achieve a better outcome. “Do nothing” should always be an option. The case must build on robust verifiable evidence, consider additionality, and displacement of activity, and include a sensitivity analysis and a correction for optimism bias if risk is a factor for success. Value for money is ideally demonstrated in a credible Benefit-Cost Ratio, but where some of the costs and/or benefits cannot be monetised at the present time, the economic case should proportionally capture these impacts and specify a partial value for money measure. Wider benefits and costs should be considered and specified where these are sizeable, compared with the direct impacts. Towns should decide how to treat Covid-19 impacts.
 - III. **commercial case** – demonstrate commercial viability or contractual structure for the project, including procurement where applicable.
 - IV. **financial case** – standard appraisal of financial implications of the project, where applicable this should include budgets, cash flow, and contingencies.

² <https://www.gov.uk/government/publications/final-report-of-the-2020-green-book-review>

V. management case – of how the project is going to be delivered.

- 3.7. Accountable bodies must ensure that the commercial, financial and management arrangements are appropriate for effective delivery. Where applicable, appropriate resources should be consulted for situation specific project appraisals. To assist with this, the Infrastructure and Projects Authority have produced a [Project Initiation Routemap Handbook](#)³ and associated modules which provides a framework to support infrastructure providers to improve the delivery of their projects and programmes. For analogous best practice guidance on the delivery of projects and programmes we also advise you to refer to the [Infrastructure and Project Authority's Project Delivery Functional Standard](#)⁴.
- 3.8. [MHCLG's Appraisal Guidance](#)⁵ provides more information on how the department assesses the value for money of property and land use projects.
- 3.9. The Department for Transport have produced [transport analysis guidance \(TAG\)](#)⁶ on the principles of cost-benefit analysis and how they should be applied in the context of transport appraisals.

4. Business case assurance

- 4.1. For each business case, the accountable body should follow their local assurance processes. This should include sign off from relevant individuals and groups within the council (for example the S151 officer and cabinet). It is important that the organisation responsible for developing business cases does not have sole responsibility for appraisal.
- 4.2. MHCLG may carry out spot checks on projects during the business case development stage. This will be in the form of a working-level conversation targeted at those projects where there are concerns or risks to confirm that the business case is being developed in line with this guidance.
- 4.3. Where a project is deemed novel or contentious (for example if it does not fully align with the intervention framework) or if the project value is over £25

³ <https://www.gov.uk/government/publications/improving-infrastructure-delivery-project-initiation-routemap>

⁴ <https://www.gov.uk/government/publications/project-delivery-functional-standard>

⁵ <https://www.gov.uk/government/publications/department-for-communities-and-local-government-appraisal-guide>

⁶

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/940962/tag-a1-1-cost-benefit-analysis.pdf

million, MHCLG reserves the right to appraise business cases centrally to assess project viability and value for money.

- 4.4. Following assessment, if existing concerns are not addressed, or if new ones arise, MHCLG may hold a working-level challenge conversation to provide the town with another opportunity to demonstrate the viability and value for money of the project. An improvement plan may be agreed for the project which the accountable body will be responsible for implementing.
- 4.5. Once the funds are allocated to a specific purpose, following the local or central approval of a five-case business case, it is the responsibility of the accountable body to spend these funds for the purpose they were given. The procurement policies of the accountable body should be transparent and fair but need not require contractors to argue a five-case business case.

5. Project changes and adjustments

- 5.1. There may be circumstances where towns wish to make adjustments to projects, or indeed replace them with alternatives. Accountable bodies should engage with their Town Deal Boards to discuss any changes and must be proactive in consulting their local Towns Fund lead on any potential changes to approved plans.
- 5.2. Adjustments can be made following a Heads of Terms offer before the final list of projects are agreed, up to two months after Heads of Terms offer. In most cases a project adjustment form is not required at this stage, but updated information should be provided as listed in paragraph 2.1. However, any change should be made clear and any change outside of the list in paragraph 2.1 should be made using a project adjustment form at this stage (the stage when submitting final projects information at the two months after Heads of Terms are offered). The local Towns Fund lead should be consulted in the first instance.
- 5.3. Changes may also be made between agreeing the final list of projects and completing the full business case, where there has been a change in circumstances- a project adjustment form is required.
- 5.4. The local Towns Fund lead should be consulted in the first instance. Then, having agreed in principle with the town lead, an email should be sent to towns.fund@communities.gov.uk setting out the intended change and rationale, as well as confirming the agreement of relevant stakeholders. A template form is at Annex B.

- 5.5. Approval will be at the discretion of MHCLG. Adjusted projects will be reassessed against the original project assessment criteria to determine what effect the adjustment has had on the project. If concerns are not addressed, the town will have the opportunity to make a more detailed case for the adjustment in a working-level challenge conversation with MHCLG.
- 5.6. If no additional concerns arise, and if the rationale for adjustment is well evidenced, the adjustment will be accepted. Where adjustments are accepted, the town will be asked to submit an updated project confirmation table (Annex A) reflecting the changes that have been made.
- 5.7. No additional funding will be allocated if new or adjusted projects are of higher value.

6. Timing for all business cases

- 6.1. Towns should regularly engage with their local lead on the development of business cases. Once business cases have been developed and appraised, a summary of all this work in the form of completed Summary Documents, should be submitted to MHCLG within 12 months of the Heads of Terms agreement.
- 6.2. The Summary Document will contain an overview of each business case and confirmation that key conditions have been addressed (where applicable). The Summary Document will be assessed by MHCLG before funding is released.
- 6.3. The Summary Document template is provided at Annex C.

7. Fast-tracked projects

- 7.1. Some projects may already be well developed by the time Heads of Terms has been agreed. Where this is the case, these projects can be fast-tracked for funding provided the business case development and appraisal meets all criteria in this guidance before all the others.
- 7.2. Where towns intend to fast-track projects, it will be indicated in Heads of Terms. Towns should keep their local leads informed of the status of business case development for fast-tracked projects.

- 7.3. A Summary Document for fast-tracked projects should be submitted to MHCLG as soon as possible, and following MHCLG's assessment, funding may be released. Projects should be grouped together as much as possible when submitting the Summary Document.

Note: the accountable body is responsible for ensuring that all templates submitted to MHCLG are accurate and complete representations of current circumstances.

Annex A: project confirmation table

Please complete the table below for each project and send to the Towns Fund central inbox, towns.fund@communities.gov.uk, within two months of agreeing Heads of Terms.

Project confirmation table					
Project name					
Date:					
Towns Fund ask (£ million)					
Match funding total and breakdown					
Expected outputs and outcomes					
Plan for addressing key conditions					
Fast-tracked project (Yes or No)					
Capital/revenue split					
Nominal Financial profile (£ million)					
2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Signature of Town Deal Board Chair and accountable body's Chief Executive Officer or S151 Officer					

Annex B: project adjustment form (this will be provided in Excel format)

After confirming projects (after annex A information has been agreed), where towns propose to make changes to a project please send a completed form to towns.fund@communities.gov.uk.

Project details	Original proposal	Adjusted proposal (where applicable)	Rational for adjustment (where applicable)	Details of how the Town Deal Board and relevant stakeholders have been consulted on changes (where applicable)
Project name				
Project description including: - rational and strategic fit; - how the project addresses need and opportunity - alignment with other plans and strategies				
Towns Fund ask (£ million)				
Total project cost (£ million)				
Outputs				
Outcomes				
Match funding total				

Match funding breakdown				
Capital/revenue split				
Financial profile				
Project completion date				

Annex C: Summary Document template

Towns should submit a completed Summary Documents for each project to MHCLG as soon as they are ready and within 12 months of agreed Heads of Terms.

Notes on the Summary Document template:

General conditions table: provide evidence of how general conditions, where applicable, have been addressed.

Project summary table: towns should complete this for each project. Set out what assurance has been carried out and confirm whether and how towns have addressed project-specific conditions.

Summary Document template

General conditions table

General conditions table
TIP improvement condition <i>Set out TIP improvement conditions as agreed in Heads of Terms</i>
Evidence <i>Provide evidence of how conditions have been addressed</i>
Public Sector Equality Duty (PSED) <i>Provide a summary of programme-level PSED analysis</i>
Signature of Town Deal Board Chair and accountable body's Chief Executive Officer or S151 Officer

Project summary table

Project summary table					
<u>Project name</u>					
Business case appraisal <i>Provide details of how the business case has been appraised</i>					
Is this project being fast-tracked?					
Total project value (£, million)					
Towns Fund funding allocated (£, million):					
Outputs <i>Provide a list of the final projected outputs, they must be clear and quantified</i>					
Outcomes <i>Provide a list of the final projected outcomes, they must be clear and quantified</i>					
Cost-benefit projection (for example BCR or NPSV)					
Public match funding <i>Provide the total (£, million) and breakdown of sources</i>					
Private match funding <i>Provide the total (£, million) and breakdown of sources</i>					
Nominal Financial profile (£, million)					
2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Actions taken to address project conditions <i>Provide details of actions taken to address any conditions that were attached to the project, where the condition was to provide a delivery plan this should be inputted in the section below</i>					

Delivery plan

Including details of:

- *partnerships*
- *timescales*
- *planning permission and other milestones*
- *interdependencies*
- *risks and mitigation measures*

Monitoring and evaluation plan*

Provide details on:

- *how spending and delivery will be monitored against expected milestones and outputs and outcomes*
- *what Key Performance Indicators will be used*
- *arrangements for sharing of data*
- *the levers that are available to address any performance issues*
- *who will be responsible for evaluating success*

Signature of Town Deal Board Chair and accountable body's Chief Executive Officer or S151 Officer

* Further guidance on monitoring and evaluation requirements will be provided in January 2020.

FINANCE AND POLICY COMMITTEE

25th January 2021



Report of: Director of Resources and Development

Subject: BROWNFIELD HOUSING FUND – LYNN STREET HOUSING DEVELOPMENT

1. TYPE OF DECISION/APPLICABLE CATEGORY

1.1 Key Decision test (i)) applies - Forward Plan Reference CE73/20

2. PURPOSE OF REPORT

- 2.1 The purpose of the report is to update the Committee on the submission of the Lynn Street development scheme to the Brownfield Housing Fund (BHF) awarded to and administered by the Tees Valley Combined Authority.
- 2.2 The report sets out scheme proposals, including costs and business case, and seeks approval from the Finance and Policy Committee to refer the proposed prudential borrowing required to support the provision of new affordable homes to Council.

3. BACKGROUND

- 3.1 On the 30th June 2020, the Government launched 'A New Deal for Britain' which is a key part of the Government's Covid 19 recovery strategy. The £400m BHF is aimed at bringing brownfield land into development to support the delivery of a greater number of new homes to meet local needs which would otherwise not be brought forward by the market.
- 3.2 As part of this strategy, £19m was secured by The Tees Valley Combined Authority (TVCA) to support development of housing schemes on brownfield land over the next 5 years. The focus of the scheme is to speed up delivery of new homes on challenging brownfield sites with year 1 programme schemes requiring a start on site by March 2021. Sites must also be detailed in the Council's brownfield land register. Tees Valley Local Authorities have submitted potential schemes and a shortlist of year 1 sites have been agreed. Hartlepool Borough Council (HBC) owned Lynn Street/Whitby Street scheme has been shortlisted for funding to deliver in year 1 following a robust appraisal process. BHF can support demolition, remediation, partial

relocation and site preparation costs which currently render a brownfield site unviable. The timescales for delivery and target number of new homes have been set out by MHCLG and will be monitored by TVCA.

- 3.3 The Lynn & Whitby Street scheme is located in the heart of Hartlepool Town Centre in the Headland and Harbour Ward within the strategically important Innovation and Skills Quarter (ISQ). The scheme comprises three individual sites, linked geographically, with a total area of 1.33ha all owned by HBC. The sites are currently occupied by the Council depot (Lynn St), a Drug and Alcohol Treatment Centre (Whitby Street) and a derelict Grade II Listed Market Hotel. The overall scheme comprises the 3 sites and if approved, demolition and site remediation will occur funded by BHF to facilitate the development of 47 new build affordable homes. A site plan is attached as APPENDIX 1.

4. PROPOSALS

- 4.1 The sites are currently occupied by HBC's depot, Drug and Alcohol Centre and a derelict Grade II Market Hotel. The site occupied by the Centre is now registered on the brownfield housing land register following the December 2020 review. The successful delivery of the scheme will first require the relocation of the Drug and Alcohol Centre and the Reed Street Depot. Alternative locations for both of these sites are being identified and the estimated relocation costs associated with this have been factored into the business case.
- 4.2 Historic England have inspected the Market Hotel site which has been vacant since June 2007 and are of the opinion that the building does not have significant heritage value due to its current state of disrepair and any merit for its retention may be outweighed by the overarching regeneration benefits of this and the two associated sites for housing. It is proposed that the design of the new development will reflect the character and heritage of this original building and this will be dealt with through the planning application process. Overall, the scheme provides an opportunity to redevelop brownfield land which is suitable, developable and achievable for residential development meeting the criteria of the Town and Country Planning (Brownfield Land Register) Regulations 2017.
- 4.3 It is proposed that the three sites be demolished and the land remediated so that it is suitable for residential development. Once remediated the scheme will create 47 affordable rented housing units, which will be owned and managed by the Council. The scheme will comprise of:
- 15 x two bedroom terraced/semi-detached houses;
 - 7 x two-bedroom bungalows; and
 - 25 x three-bedroom town houses.

The design of the of the scheme will ensure that all units meet NDSS space standards, provide 10% renewables across the site, a fabric first approach

across the development and secured by design principles will be adopted. The proposed development is subject to planning approval.

- 4.4 The scheme is an important initiative that will contribute to Council's regeneration of Hartlepool ISQ which is a strategic employment location for digital and creative industries in Tees Valley. The scheme will deliver good quality, affordable homes to attract workers and support the vibrancy and labour supply to the ISQ, encouraging the success of this key regeneration initiative. The scheme also completes the Council's Empire Square affordable housing development and contributing to the repopulation of this town centre area.
- 4.5 The development will address local housing need for affordable family-sized properties and bungalows within the town centre as identified in HBC Strategic Housing Market Assessment (SHMA) and Local Plan 2018. Overall the scheme achieves a significant increase in affordable housing provision for the borough, accounting for 11.4% of the yearly housing requirement of 410 net additional dwellings per annum. The housing mix proposed is reflective of local demand evidenced by bidding activity on Choice Based Lettings scheme.
- 4.6 The proposed development is also expected to contribute to the reduction of local crime, carbon emissions and generate a land value uplift on site and in the locality. Finally health benefits are also anticipated due to the provision of additional affordable housing. The scheme will also contribute to sustaining the Council's Housing Revenue Account by providing high demand, good quality affordable homes.
- 4.7 This scheme will support council and Tees Valley in delivering their regeneration aims for a strategic employment site, creating 250 jobs, bringing vacant and derelict uses back into productive use and improving the vibrancy, attractiveness and viability of the ISQ as identified in Tees Valley Investment Plan 2019-29. This will support further inward investment into the ISQ and help deliver Councils wider strategic economic, regeneration and employment objectives.
- 4.8 The objectives of the project are to:
- To remediate 1.33 hectares of brownfield land by 31st May 2023 at the latest;
 - To complete the delivery of 47 new affordable and energy efficient homes for rent by 31st May 2023 at the latest;
 - To contribute to meeting Hartlepool housing need by delivering 47 units which equate to 11.4% of the yearly housing requirement of 410 net additional dwellings per annum as set out in the HBC Local Plan 2018. This accounts to 2% of the combined programme target at the Tees Valley level (2,300 units);
 - To provide accommodation and greater housing choice in the Lynn and Whitby Street area for approx. 104 people, attracting and retaining approx. 45 additional workers;

- To contribute to regeneration of the Lynn & Whitby Street area by enabling a more productive use of HBC owned land and to facilitate consolidation of existing uses on other better placed sites as a part of the estate program and contribute to further investment in the area post-2027.
- To contribute to reduction of local crime by 10% over the first 10 years of the scheme's operation, accounting to cost saving of £1.66m NPV;
- To reduce carbon emissions by 13% of the targeted savings of 0.9kt CO2 per annum by enabling the delivery of homes that exceed the energy efficiency performance of current building standards;
- To create 43 onsite construction jobs per annum and support at least 2 apprenticeship roles;
- To support £7.133m GVA through additional development activity, raising the financial performance of firms awarded contracts on BHP-supported projects relative to other firms;
- To achieve net economic benefit cost ratio of greater than 1.

4.9 Project Timeframes

The project is currently under development and the planning submission is expected in January 2021 with a decision expected by May 2021. The construction tender and procurement process will start in May 2021. The key milestones which the Council will be contractually obliged to deliver if they are successful in receiving a BHF allocation are:

Key milestones Description	Expected Completion Date
<i>Planning permission approved</i>	May 2021
<i>Start on site</i>	Start of demolition and remediation - March 2021 Start of construction - October 2021,
<i>Practical completion date</i>	April 2023

4.10 The detailed project timetable is as follows:

- Site Survey to support planning application – Completion December 2020
- Borrowing Approval sought by F&P Committee and Full Council – January 2021
- Site Investigation – Tender Process – December 2020
 - Start on Site – 1st February 2021
 - Completion – 1st March 2021
- Remediation – Tender process for remediation works February 2021
 - Depot site (grassed area) March 2021
 - Drug Centre August/September 2021
 - Market Hotel August/September 2021
 - Depot site remaining remediation Q4 2021/22

- Demolition – Tender process for demolition contractor running April/May 2021
 - Drug Centre May 2021
 - Reed Street Depot Q4 2021/22
 - Market Hotel July 2021
- Planning Application – January submission and May/June 2021 approval.
- Detailed design – April 2021
- Tender Construction works – Tender issued May 2021. August 2021 for contractor appointment.
 - Building contract signed September 2021
- Start on Site – October 2021 – 18 month build period
 - Drug Centre 7 units completed Q1 2022/23
 - Market Hotel 4 units completed Q1 2022/23
 - Depot Site 36 units completed April 2023

4.11 Progress to date

The timescales associated with the BHF are such that they considerably limit the options of how the funding can be spent and which sites would be taken forward. At the present time only the Lynn Street scheme in Hartlepool met the criteria and was sufficiently advanced to be deliverable within the timescales. As a year 1 scheme TVCA have appointed consultants Savills to conduct a detailed green book appraisal of the Lynn Street proposals to ensure it meets MHCLG criteria. Through this process it has been determined that the Lynn Street scheme does meet the criteria and the appraisal is complete and at the time of writing was being submitted to the Tees Valley Mayor for approval.

- 4.12 Architects IDP have been appointed to progress the design works on site and work is underway to prepare the planning application submission including site surveys and site investigation. In addition to this work is underway to progress the relocation of both the depot site and drug and alcohol site to a new location to facilitate the scheme.

5. RISK IMPLICATIONS

- 5.1 The key risks to the project are detailed below. The delivery within required timescales and to budget remain the main risks but mitigation measures are in place. The project will be closely monitored to ensure funding outcomes are met to achieve the contractual obligations of the Brownfield Housing Fund and the Homes England Affordable Homes Programme.

Risk category	Risk	Likelihood	Impact	Mitigation
1. Planning	Planning approval is required for the development and in particular the demolition of a Grade 2 listed building.	Low	High	Appointment of IDP Architects with relevant experience on heritage design. Pre-app engagement with Historic England

2. AHP Funding	Bid for AHP funding may not be successful	Low	High	Engagement with Homes England on the AHP.
3. BHF	Application for BHF funding may not be successful	Low	Low	The full business case for BHF has been completed and is due to be submitted to the Tees Valley Mayor for approval.
4. Environmental risks	Environmental risks such as flooding to affect the delivery	Low	High	Environmental risks assessment undertaken at a pre-planning stage. Flood risk assessment to be completed.
5. Additional abnormal costs	Identification of higher abnormal costs at the remediation stage	Low	High	Appropriate due diligence with a number of SI surveys are being undertaken to minimise this risk.
6. Impacts of Covid-19 pandemic	Possible restrictions to movement and labour supply causing delays	Medium	High	Strategies to minimise the risk of transmission onsite and program allowing for possible delays. Minimal risk during demolition and remediation due to single working.
7. Impacts of brexit	Changes in state aid regulations or impacts on costs/ supply of materials	High	Medium	Project team to monitor potential impacts on project and reassess frequently.
8. Delivery of contract	Ability to appoint contractor to deliver to agreed budget. Relocation of current uses not completed in the required timescales. Remediation works not delivered within timescales Housing construction not delivered within timescales of programme	Low	Low	A full programme has been developed for the project with specific works identified and the completion of the scheme prior to May 2023.
9. Finance	Profiled spend target not met; Project costs exceed those estimated within the business case.	Low	Low	Contingency is included within the business case to account for potential higher development costs and benchmarking on current schemes has taken place.

5.2 It is important to note that the grant must be returned to TVCA should the scheme fail to meet the pre-conditions set out in the grant agreement. These specifically relate to delivery timescales and costs. The costs incurred however, would not be abortive as they would be necessary to advance the development of these sites in the future.

5.3 In order to mitigate the risk of increased costs for both demolition and construction phases there is contingency of 5% of construction costs built into the business case and costs have been calculated on a robust basis.

The rent forecast for the completed units is based on a current valuation and therefore more likely to increase than decrease before properties become operational thus reducing the risk further.

6. FINANCIAL CONSIDERATIONS

- 6.1 A business case has been prepared for this scheme, the details of which are contained in **CONFIDENTIAL APPENDIX 2 This item contains exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, (para 3), information relating to the financial or business affairs of any particular person (including the authority holding that information).** This information is confidential at this stage to ensure the Council can secure the best price for the development when tenders are sought. Once contract are awarded progress against the approved budget will be included in the regular open capital monitoring reports. In summary 43% of the scheme will be funded from grant funding and 57% from prudential borrowing.
- 6.2 The scheme is a self-funding business case and does not require additional capital resources or revenue funding to be delivered. Reasonable assumptions on bad debt, repairs and maintenance and other costs have been made in line with current costs within the Housing Revenue Account.
- 6.3 Approval is sought for prudential borrowing to deliver the scheme which will be funded from rental income.

7. LEGAL CONSIDERATIONS

- 7.1 Should the scheme be successful in receiving BHF resources the Council will enter into a funding agreement which will require the Council to meet the scheme objectives set out in 4.9 in the timescales set out in 4.10. Clawback arrangements will be in place should the Council not be successful. In addition the Council will bid to Homes England for affordable homes funding and if successful the Council will enter into a funding agreement to secure these funds.

8. CONSULTATION

- 8.1 It is proposed that consultation with local residents on the proposals will take place prior to the planning application submission. The Council will consult with its tenants living on the adjacent Empire Square development.

9. CHILD/FAMILY POVERTY CONSIDERATIONS

- 9.1 The scheme will provide affordable housing for those in housing need within the Borough. Family homes are to be provided and therefore the scheme is likely to have a positive impact on child/family poverty issues. Poverty Impact Assessment is attached at APPENDIX 3.

10. EQUALITY AND DIVERSITY CONSIDERATIONS

- 10.1 Equality and Diversity Impact Assessment Form completed and attached at APPENDIX 4.

11. SECTION 17 OF THE CRIME AND DISORDER ACT 1998 CONSIDERATIONS

- 11.1 It is expected that the development contributes to a reduction of crime and anti-social behavior and this is a monitored intended outcome of the scheme. The new housing units will be built using secure by design principles and therefore contribute to a further reduction in crime.

12. STAFF CONSIDERATIONS

- 12.1 There are no staffing considerations in relation to this proposal. The completed residential units will be managed by the existing Council Housing Management team and all revenue costs including staff costs funding through the Housing Revenue Account and have been evidenced in the business case.

13. ASSET MANAGEMENT CONSIDERATIONS

- 13.1 The properties will be owned and managed by the Council and all maintenance costs will be covered by the housing revenue account and have been factored into the business case.

14. RECOMMENDATIONS

- 14.1 It is recommended that Members
- a) Note the proposals for scheme at Lynn Street, Hartlepool and the associated application for the Brownfield Housing Fund administered by TVCA.
 - b) Approve that this scheme is referred to Council for approval of the required prudential borrowing of £4.744m to facilitate development of 47 affordable homes at Lynn Street, Hartlepool set out in section 6.
 - c) Approve the submission of a bid to Homes England for affordable homes funding.

15. REASONS FOR RECOMMENDATIONS

- 15.1 To support the delivery of 47 affordable rented homes on three sites at Lynn Street, Hartlepool and the delivery of funds allocated through the BHF for demolition, remediation and site preparation works.

16. BACKGROUND PAPERS

- 16.1 Finance and Policy report of 15th September 2014 – Disposal of Surplus Assets – Redevelopment of Lynn Street Depot Site and Consideration of Alternative Depot sites.

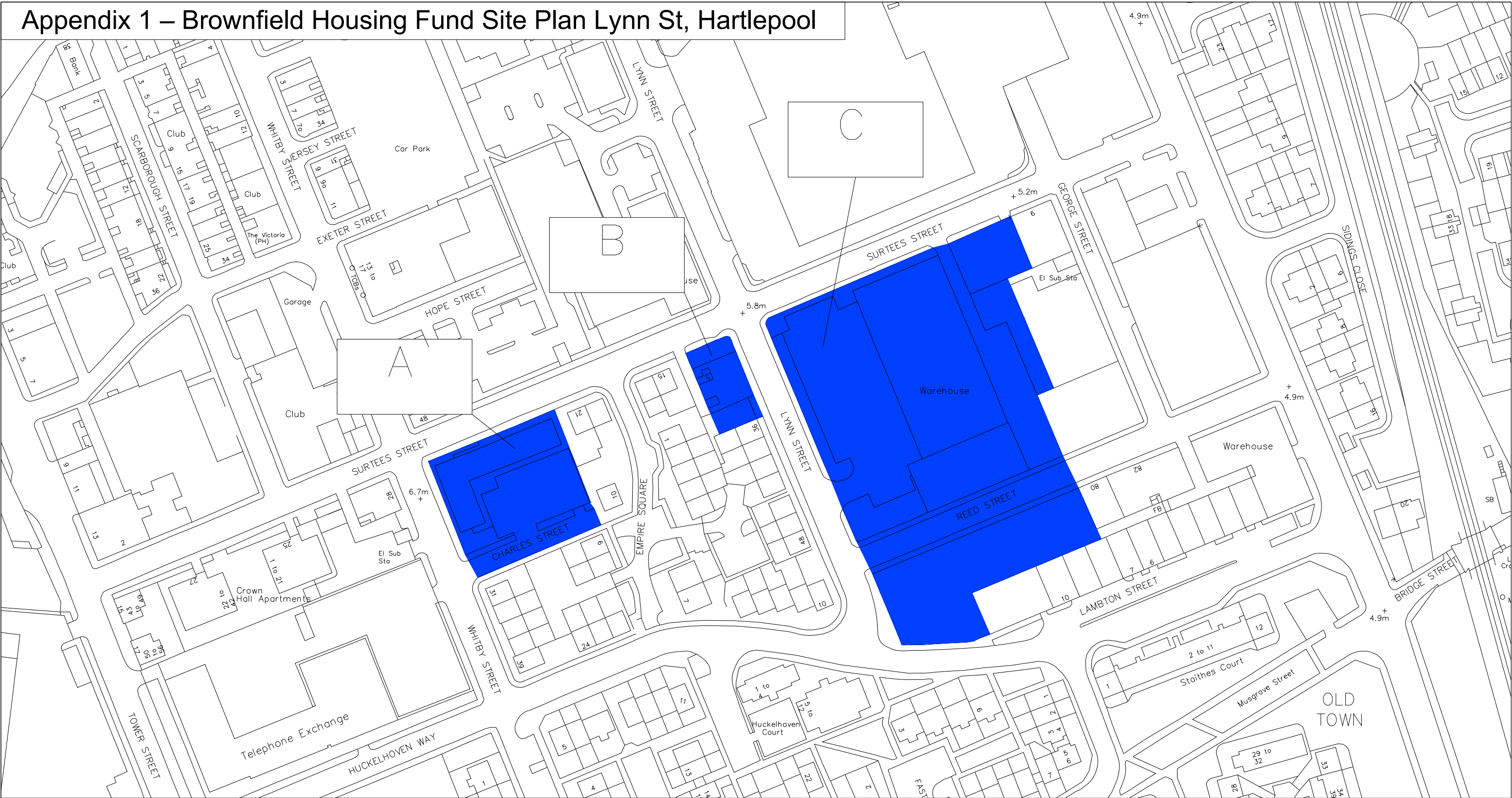
17. CONTACT OFFICERS

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Amy Waller (Principal Housing Officer) 01429 523539
amy.waller@hartlepool.gov.uk

Sign Off:-

- Director of Resources and Development ☒
- Chief Solicitor/Monitoring Officer ☒
- Managing Director ☒

Appendix 1 – Brownfield Housing Fund Site Plan Lynn St, Hartlepool



LOCATION	Land within the ISQ and Church Street Conservation Area, Hartlepool	DRAWN BY CT		DATE 25/11/20	
		SCALE 1:1250 @ A3			
DEED PACKET -		OS MAP -		DRWG NO E/G/950	



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APPENDIX 3 - POVERTY IMPACT ASSESSMENT

. Is this decision a Budget & Policy Framework or Key Decision? YES				
If YES please answer question 2 below				
2. Will there be an impact of the decision requested in respect of Child and Family Poverty? YES				
If YES please complete the matrix below				
GROUP	POSITIVE IMPACT	NEGATIVE IMPACT	NO IMPACT	REASON & EVIDENCE
Young working people aged 18 - 21	✓	x		Scheme will benefit any group who require affordable housing
Those who are disabled or suffer from illness / mental illness	✓			Scheme will benefit any group who require affordable housing
Those with low educational attainment	✓			Scheme will benefit any group who require affordable housing
Those who are unemployed	✓			Scheme will benefit any group who require affordable housing
Those who are underemployed	✓			Scheme will benefit any group who require affordable housing
Children born into families in poverty	✓			Scheme will benefit any group who require affordable housing
Those who find difficulty in managing their finances	✓			Scheme will benefit any group who require affordable housing
Lone parents	✓			Scheme will benefit any group who require affordable housing
Those from minority ethnic backgrounds	✓			Scheme will benefit any group who require affordable housing

Poverty is measured in different ways. Will the policy / decision have an impact on child and family poverty and in what way?				
Poverty Measure (examples of poverty measures appended overleaf)	POSITIVE IMPACT	NEGATIVE IMPACT	NO IMPACT	REASON & EVIDENCE
Children in Low Income Families (%)	✓			Provide good quality family type accommodation.
Number of affordable homes built	✓			Directly increase the provision of affordable homes.
Overall impact of Policy / Decision				
NO IMPACT / NO CHANGE		ADJUST / CHANGE POLICY / SERVICE		
ADVERSE IMPACT BUT CONTINUE		STOP / REMOVE POLICY / SERVICE		
Examples of Indicators that impact of Child and Family Poverty.				
Economic				
Children in Low Income Families (%)				
Children in Working Households (%)				
Overall employment rate (%)				
Proportion of young people who are NEET				
Adults with Learning difficulties in employment				
Education				
Free School meals attainment gap (key stage 2 and key stage 4)				
Gap in progression to higher education FSM / Non FSM				
Achievement gap between disadvantaged pupils and all pupils (key stage 2 and key stage 4)				
Housing				
Average time taken to process Housing Benefit / Council tax benefit claims				
Number of affordable homes built				
Health				
Prevalence of underweight children in reception year				
Prevalence of obese children in reception year				
Prevalence of underweight children in year 6				
Prevalence of obese children in reception year 6				
Life expectancy				

APPENDIX 4 - EQUALITY AND DIVERSITY FORM

Department	Division	Section	Owner/Officer	
Finance and Policy	Strategic Asset Management and Housing	Housing Services	Tim Wynn/Amy Waller	
Service, policy, practice being reviewed/changed or planned	Housing Development for 47 new affordable homes.			
Why are you making the change?	To increase provision of affordable housing.			
How might this impact (positively/negatively) on people who share protected characteristics?				
		Please tick	POSITIVELY	NEGATIVELY
Age			✓	✗
Please describe...				
Disability				
Please describe...				
Gender Re-assignment				
Please describe...				
Race				
Please describe...				
Religion				
Please describe...				
Gender				
Please describe...				
Sexual Orientation				
Please describe...				
Marriage & Civil Partnership				
Please describe...				
Pregnancy & Maternity				
Please describe...				
Has there been consultation /is consultation planned with people who will be affected by this policy? How has this affected your decision making?		The mix of housing units have been planned to reflect the needs of the borough based on the Strategic Housing Market Assessment.		
As a result of your decision how can you mitigate negative/maximise positive outcomes and foster good relationships?		Properties will be advertised through the Choice Based Lettings system and therefore available to all people who are in housing need.		
Describe how you will address and monitor the impact		1. No Impact - No Major Change Please Detail		
		2. Adjust/Change Policy Please Detail		
		3. Adverse Impact but Continue as is Please Detail		
		4. Stop/Remove Policy/Proposal Please Detail		
Initial Assessment	00/00/00	Reviewed	00/00/00	
Completed	00/00/00	Published	00/00/00	

FINANCE AND POLICY COMMITTEE

25th January 2021



Report of: Director of Resources and Development

Subject: SALE OF LAND AT SEATON LANE

1. TYPE OF DECISION/APPLICABLE CATEGORY

1.1 Key Decision - General Exception Applied

2. PURPOSE OF REPORT

2.1 To obtain a decision in relation to a request to purchase land.

3. BACKGROUND

3.1 In December 2018 the Committee approved the disposal of two parcels of land fronting Seaton Lane, one to the east and one to the west of the Golden Meadows housing estate. The land totaled approximately 3.71 acres (1.5 ha) and was considered suitable for residential development, as shown the plan at **Appendix 1**.

3.2 The above land had been identified for disposal for some time, and had been marketed for sale on two occasions since 2013, including in late 2016. Unfortunately sales that had previously been agreed following marketing had not proceeded. In part this was due to the unusually high level of abnormal costs associated as parts of the site which were are affected by contamination from previous uses and required remediation.

3.3 The Council received two offers for this site:

- Option A - a conventional cash offer from an established regional developer;
- Option B - a housing stock offer whereby properties to be constructed on the site will transfer to the Council as affordable houses.

3.4 Based on an assessment of the options Finance and Policy Committee approved Option B as this provides additional affordable housing stock for the Housing Revenue Account (HRA) and a capital receipt to the General Fund when the land was transferred. This development is progressing and

the Council is scheduled to receive three properties in December 2021 and the final two properties in December 2022.

4. NEW PROPOSALS

- 4.1 The existing developer has approached the Council to acquire further land, cross hatched, to extend the scale of their current development and this is referred to on **Appendix 1**.
- 4.2 The current proposal is based on the offer of housing stock, whereby properties will transfer to the Council in lieu of a cash payment for the land. Whilst yet to be identified, the stock will be from the existing estate currently under construction by the developer.
- 4.3 This site is part of the wider parcel of land which is in the Council ownership and work to masterplan this site is underway but has been delayed owing to the impact of Covid. The overall site also includes an area earmarked for the development of a Special Educational Needs School, to be built and funded by the Education and Skills Funding Agency.
- 4.4 The overall site, including the parcel of land identified by the developer, is not currently allocated as housing land in the Local Plan, but as Natural and Semi-natural Green Space. The Council can presently demonstrate a five year supply of housing land within the Borough. Therefore, any planning application that was to come forward for either the whole site, or the area requested by the developer would be a matter for the Planning Committee to determine. Given it would be a departure from the adopted Local Plan, the application may be called in by the Secretary of State for determination. Granting of permission would then be a matter for the Secretary of State to determine, although precedent would suggest this would be unlikely.

5. FINANCIAL, RISK AND ASSET MANAGEMENT CONSIDERATIONS

- 5.1 Financial details of the proposed offer are detailed in **CONFIDENTIAL APPENDIX 2. This item contains exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, (paragraph 3) information relating to the financial or business affairs of any particular person (including the authority holding that information.**
- 5.2 The proposed site identified by the developer has not been market tested by the Council to determine the land valuation. Further work is needed to confirm the final valuation of the land and once this is agreed the transfer value between the Housing Revenue Account and the General Fund will be determined. In turn this valuation would also be used to assess whether the valuation of properties to be transferred to the Council's Housing Revenue Account and the number of houses to be transferred

fulfills the statutory duty to achieve best consideration for the General Fund for sale disposals.

- 5.3 From the HRA perspective the land value will determine the loan charges to be repaid in relation to the transfer value paid to the General Fund. The number of properties will determine the rent income available to pay the ongoing loan charges, which will confirm the HRA Business Case requirements.
- 5.4 The proposal provides benefits to the General Fund and HRA.
- 5.5 The Council could potentially achieve a higher per acre capital receipt by marketing the whole site (including the parcel of land identified by the developer). It is anticipated that the size of this site would result in conventional cash offers which only benefits the General Fund. There is also the future possibility that the Council could directly develop itself for the HRA part of the site. Marketing / development of the site would currently be subject to adoption of a Supplementary Planning Document. It is anticipated the process will take approximately six months as the document would be subject to public consultation and then considered by Regeneration Committee who would recommend to full Council for adoption. As with any development site there is a risk that there may be limited developer interest in this site in the future.
- 5.6 If Members determine they wish to progress with the proposal from the current developer a detailed legal agreement will need to be completed, covering:
- Timescale for completion of development and a schedule confirming the agreed properties that will be transferred to the council;
 - Confirmation of value and equivalent number of properties to be transferred;
 - Arrangement for release of legal title in land to ensure the Council's financial position is protected, including the impact of the developer not being able to complete the site for whatever reasons;
 - Actual sales price, net of section 106 contributions and any potential abnormal costs;
 - Conditions precedent of purchase i.e. satisfactory planning permission is secured.
- 5.7 The developer has also asked the Council for permission to use a larger part of the land as a site compound/lay down area and continued use of the lane to the east of the site for construction traffic. These issues will require separate legal agreements in relation to timescales, costs, insurance and remediation to pre-usage state.
- 5.8 For any disposals of this site for new homes the Council will receive additional Council Tax.

6. LEGAL CONSIDERATIONS

- 6.1 The Council's Chief Solicitor will be instructed to conclude the contracts.

7. CONSULTATION

- 7.1 No consultation has been carried out in connection with this matter.

8. CHILD AND FAMILY POVERTY

- 8.1 There are no child and family poverty implications relating to this report.

9. EQUALITY AND DIVERSITY CONSIDERATIONS

- 9.1 There are no equality and diversity considerations relating to this report.

10. SECTION 17 OF THE CRIME AND DISORDER ACT 1998 CONSIDERATIONS

- 10.1 There are no Section 17 considerations relating to this report.

11. STAFF CONSIDERATIONS

- 11.1 There are no staff considerations relating to this report.

12. RECOMMENDATIONS

- 12.1 It is recommended that the Committee choose to either:
- **Option 1** - agreed to the principle to transfer the land to the current developer on the terms detailed in **CONFIDENTIAL APPENDIX 2. This item contains exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, (paragraph 3) information relating to the financial or business affairs of any particular person (including the authority holding that information.**
 - **Option 2** – not to progress with option 1 and to complete the necessary work to enable the whole site to be put up for sale at a later date.
- 12.2 If option 1 is adopted to delegate Authority to the Managing Director to complete the detail legal arrangements to protect the Council's financial position in consultation within the Chair of Finance and Policy Committee, the Director of Resources and Development and Chief Solicitor.

13. REASONS FOR RECOMMENDATIONS

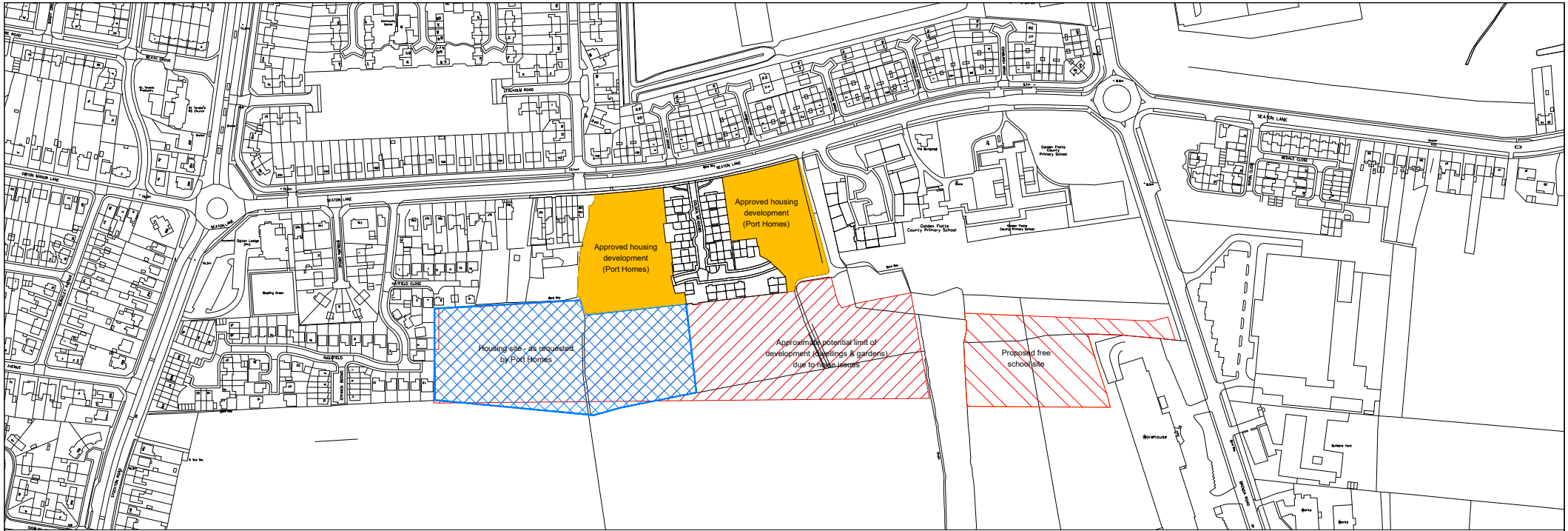
- 13.1 To determine a strategy in relation to the land referred to in the report.

14. BACKGROUND PAPERS

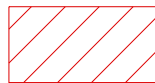
- 14.1 Report to Finance and Policy Committee 17th December 2018 – Sale Land at Seaton Lane.

15. CONTACT OFFICER

- 15.1 Chris Little
Director of Resources and Development
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Hartlepool
TS24 8AY
Email chris.little@hartlepool.gov.uk
Tel: 01429 52300



LEGEND



Approximate potential limit of development
(dwellings & gardens) due to noise issues



Approved housing development (Port Homes)



Housing site - as requested by Port Homes



Proposed free school site

LOCATION Golden Flatts, Hartlepool

DRAWN BY CT DATE 19/01/21

SCALE 1:5000 @ A4

DEED PACKET -

OS MAP -

DRWG NO E/G/957



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Finance and Policy Committee

25th January 2021



Report of: Director of Resources and Development

Subject: COUNCIL TAX BASE 2021/22

1. TYPE OF DECISION / APPLICABLE CATEGORY

1.1 Non Key Decision.

2. PURPOSE OF REPORT

2.1 The report seeks member approval, as required by statutory regulations, of a calculated Council Tax Base for 2021/22 which will be used for Council Tax billing purposes.

3. BACKGROUND

3.1 The Council is required by law to calculate its Council Tax Base for the forthcoming year, and inform the major precepting authorities, Police and Crime Commissioner for Cleveland and Cleveland Fire Authority, and local precepting authorities (Parish Councils), before 31 January 2021. The Council Tax Base is expressed as the number of Band D equivalent properties.

3.2 The amount of Council Tax levied on each Band D property located in the Borough of Hartlepool is calculated by dividing the total amount of the precepts determined by this Council, the Police and Crime Commissioner for Cleveland and Cleveland Fire Authority on the Collection Fund in 2021/22, by the Council Tax Base. The amount of Council Tax payable for other bands is determined by applying a fixed proportion of the Band D amount. A separate report on the calculation of the amount of Council Tax payable for each band for 2021/22 will be submitted to Council as part of the budget process.

3.3 As part of the Government's welfare reforms, Councils are required to determine and operate their own local schemes for providing support with Council Tax. Under these arrangements, there is a requirement to adjust the Council Tax Base to reflect the impact of the Local Council Tax Support scheme. Finance and Policy Committee on 13th August 2020 approved to recommend to Council the continuation of a 12%

scheme for 2021/22. This proposal was approved by Council on 17th December 2020.

- 3.4 The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 received royal assent on 1 November 2018, allowing Councils to increase the Council Tax long term empty home premium. From 2020/21 the Council has charged 100% premium on properties that have been empty for more than 2 years.
- 3.5 As indicated in previous Medium Term Financial Strategy (MTFS) update reports the 2021/22 Council Tax base will be lower than the current year owing to the economic impact of Covid. This issue is affecting all councils. The latest MTFS report reflects the Council Tax base detailed in this report and provides details of the Government's arrangements for supporting councils to manage this impact.

4. CALCULATION OF TAX BASE

- 4.1 To calculate the Council Tax Base it is necessary to:

- (a) Calculate Item A - "the relevant amount" for the year for each valuation band in the valuation list. For each band this represents the estimated full year equivalent of each chargeable dwelling in that band, taking into account entitlement to, exemptions, disability reductions, discounts, forecast Local Council Tax Support and premiums.

The relevant amount for each band are expressed in terms of Band D equivalents and are set out at Appendix 1.

- (b) Calculate the collection rate for the Council (Item B).
- (c) The relevant amounts for each band (Item A) are then multiplied by the collection rate (Item B) to calculate the Tax Base.

- 4.2. The calculation for the parish Councils follows the same calculation as that of the billing authority except that for item A, the calculation only relates to the area covered by that Parish. A summary of the Council Tax base for the Parish areas is shown at Appendix 2.

5. PROPOSED TAX BASE

- 5.1 The proposed Tax Base for the Council area for 2021/22 is **24,384**. This is a reduction of 498 (2%) from the current base. This reduction reflects the impact of the Covid-19 pandemic on the relevant amount in the Council Tax Base calculation;

- A likely shortfall in achieving the current years base assumptions in respect of chargeable dwellings due to increased disregards and

discounts, plus slower than anticipated housebuilding especially during the Spring / Summer national lockdown period.

- A prudent increase in households eligible for LCTS support into 2021/22 reflecting the general economic impact and uncertainty of the Covid-19 pandemic, including that resulting from the proposed end of furlough arrangements in March.
- Lower than normal growth in chargeable dwellings anticipated for 2021/22 reflecting the general economic impact and uncertainty of the Covid-19 pandemic, including with regard to housebuilding.

5.2 The proposed Base calculation leaves the collection rate at 98.5%. Whilst collection performance has been impacted in the current year, given the current long term collection of 98.8%, maintaining this rate is considered appropriate.

5.3 The Band D make-up of the base position is summarised in the table below, together with a comparison against previous years.

2019/20	2020/21		2021/22
33,998	34,336	Chargeable Dwellings (after disregards / disability adjustment)	34,365
-3,224	-3,097	Less Discounts and Premiums	-3,153
305	311	Add forecast growth of chargeable dwellings	220
-6,295	-6,289	Less Local Council Tax Support Estimate	-6,677
24,784	25,261	Item A	24,755
98.5%	98.5%	Item B - Collectability (%)	98.5%
24,412	24,882	Council Tax Base	24,384

5.4 The proposed Council Tax Base has been reflected within the MTFS report elsewhere on today's agenda.

6. RISK IMPLICATIONS

6.1. The Tax Base for 2021/22 and in the subsequent years is subject to the following main risks;

- Higher than anticipated LCTS support deductions due to the economic uncertainty. This is mitigated by close monitoring of claimant numbers as well as consideration of economic forecasts for future years;
- Less growth in housebuilding. This is mitigated by understanding both developments in progress and planned developments in order to factor in the latest position in timing and value of house builds planned. Progress is monitored closely over the Medium Term Financial Strategy period.

- Reduced collection rate. This risk is mitigated by regular management reporting and oversight to ensure that collection rate is maintained.

6.2 The economic impact of the Covid pandemic has potentially increased these risks and the MTFS report provides further information, including details of measures to mitigate risks.

7. FINANCIAL CONSIDERATIONS

7.1. The Council must budget to avoid a deficit on its statutory Collection Fund. In determining the 2021/22 Council Tax Base a number of underlying assumptions have been made. As part of the Council's Financial Governance Framework, throughout 2021/22 programmed monitoring reviews of Collection Fund Council Tax yield will be undertaken and reported to Finance and Policy Committee.

8. LEGAL CONSIDERATIONS

8.1. To comply with statutory responsibilities as set out in the Local Government Finance Act 1992 the Council must determine the Council Tax Base for the forthcoming financial year by 31st January. This report ensures this responsibility is discharged.

9 CONSULTATION

9.1. There is no requirement to consult on these proposals.

10. CHILD / FAMILY POVERTY (IMPACT ASSESSMENT FORM TO BE COMPLETED AS APPROPRIATE)

10.1. There are no child / family poverty considerations.

11. EQUALITY AND DIVERSITY (IMPACT ASSESSMENT FORM TO BE COMPLETED AS APPROPRIATE)

11.1. There are no equality and diversity considerations.

12. STAFF CONSIDERATIONS

12.1. There are no staff considerations.

13. ASSET MANAGEMENT CONSIDERATIONS

13.1. There are no asset management considerations.

14. RECOMMENDATIONS

14.1 It is recommended that Members:

- a) Approve a Hartlepool BC Council Tax Base for 2021/22 of 24,384 as detailed in Appendix 1.
- b) Approve a Council Tax Base for 2021/22 for Parishes who may levy a precept upon the Council's Collection Fund as detailed in Appendix 2:

Brierton	13.2	Greatham	584.3
Claxton	13.6	Hart	328.6
Dalton Piercy	118.4	Headland	727.7
Elwick	803.9	Newton Bewley	28.9

15. REASON FOR RECOMMENDATIONS

15.1 To enable the Council to discharge its statutory responsibilities.

16. BACKGROUND PAPERS

16.1 There are no background papers.

17. CONTACT OFFICER

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Sign Off:-

Chief Executive



Director of Resources and Development



Chief Solicitor



Council Tax Base - Hartlepool Borough Council											Appendix 1
	Band (A)	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	Total	Band D Equivalents
Chargeable Dwellings	135.00	23,301.00	7,309.00	6,231.00	3,293.00	1,748.00	748.00	526.00	73.00	43,364.00	34,365
Total Discount	(15.25)	(2,925.00)	(759.50)	(471.25)	(199.75)	(87.25)	(32.00)	(19.00)	(2.75)	(4,511.75)	(3,358)
Premium Factor	0.00	267.00	11.00	8.00	3.00	2.00	3.00	0.00	1.00	295.00	205
Council Tax Support Estimate	(41.38)	(7,725.12)	(1,197.15)	(424.26)	(113.10)	(43.90)	(13.91)	(4.40)	(0.88)	(9,564.10)	(6,677)
Net Forecast Chargeable Dwellings	78.37	12,917.88	5,363.35	5,343.49	2,983.15	1,618.85	705.09	502.60	70.37	29,583.15	24,535
Prescribed Proportions for each band	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9		9/9
Band D Equivalent Properties - Item A	43.54	8,611.92	4,171.49	4,749.77	2,983.15	1,978.59	1,018.46	837.67	140.74	24,535.33	24,535
						Band D Forecast Growth				220.00	220
						Total Forecast Band D Equivalents				24,755.33	24,755
						Estimated Collection Rate - Item B				98.5%	98.5%
						Tax Base 2021/22				24,384.00	24,384

Parish Council Tax Bases

Appendix 2

Parish	Current Tax Base 2020/21	Proposed Tax base 2021/22	Main Reason for Variation
Brierton	13.1	13.2	-
Claxton	15.7	13.6	Additional discounts applicable.
Dalton Piercy	100.0	118.4	Forecast housing growth for 2021/22.
Elwick	703.8	803.9	Housing growth in 2020/21 and additional forecast housing growth in 2021/22.
Greatham	586.8	584.3	Increased exemptions and LCTS reductions, offset by forecast housing growth.
Hart	318.7	328.6	Housing growth in 2020/21 and additional forecast housing growth for 2021/22.
Headland	726.5	727.7	Increase in empty home premium offset by increased LCTS reduction.
Newton Bewley	33.5	28.9	Increase in discounts applied.

FINANCE AND POLICY COMMITTEE

25 January 2021



Report of: Managing Director

Subject: TEES VALLEY FREEPORT BID UPDATE

1. TYPE OF DECISION/APPLICABLE CATEGORY

None Key decision.

2. PURPOSE OF REPORT

- 2.1 This report offers an introduction to the Tees Valley's approach to the Freeport's bidding process, the principles its bid will be based on, and the coalition of local partners required to make it a success.
- 2.2 To seek Members approval to support the Tees Valley Freeport Bid which includes Tees Port and Hartlepool Port.

3. BACKGROUND

- 3.1 Freeports are secure customs zones located at ports where business can be carried out inside a country's land border, but where different customs rules apply. They can reduce administrative burdens and tariff controls, provide relief from duties and import taxes, and ease tax and planning regulations.
- 3.2 Typically, goods brought into a Freeport do not attract a requirement to pay duties until they leave the Freeport and enter the domestic market – and no duty at all is payable if they are re-exported. If raw materials are brought into a Freeport from overseas and processed into a final good before entering the domestic market, then duties will be paid on the final good. Freeports may also offer simplifications to the normal customs administrative processes on imported goods.
- 3.3 In early 2019, the Tees Valley Mayor submitted a policy paper to Government championing a Freeport in Tees Valley, building on the recommendations of a 2016 policy paper by now Chancellor of the Exchequer Rishi Sunak MP. The Government launched a public consultation

on Freeport's in February 2020, which concluded in July and for which a formal response was published in October.

- 3.4 Up to ten Freeport's will be awarded nationally, with the competition closing on 5th February 2021 and the winners are expected to be announced in the spring.
- 3.5 The Government has designed a bespoke UK Freeport model aiming to achieve three objectives:
- establish Freeport's as national hubs for global trade and investment across the UK
 - promote regeneration and job creation
 - create hotbeds for innovation
- 3.6 The Freeport's outlined in the Government's prospectus include a main Customs Zone, up to 600 hectares of Tax Zone(s), and the optional addition of one or more secondary Customs Zones. The main Customs Zone sits outside of the UK customs border, and offers simplified trade and customs procedures for companies within it. No two parts of the same Freeport may be more than 45km from each other.
- 3.7 Tax zones are designed to speed up the development of undeveloped and underdeveloped land into centres of economic activity and employment. They may sit within customs zones and offer incentives such as enhanced capital allowances and a zero employers' National Insurance Contributions for five years.
- 3.8 Secondary Customs Zones also sit outside of the UK's customs border, and while they are not geographically linked to the Main Customs Zone, they offer the same benefits. These are based on sites of individual businesses, who are responsible for the security and compliance of said sites. These zones offer companies the benefits of Freeport status and allow those in the supply chain of other companies elsewhere in a Freeport to operate on the same customs arrangements.
- 3.9 The Government has made it clear that only one bid is expected per LEP area, and it must have the support of the leaders of all Local Authorities in which areas Freeport fall. It must also be supported by the Metro Mayor (in areas with a Mayoral Combined Authority) and the LEP Chair.

4. PROPOSALS – THE TEES VALLEY'S BID

- 4.1 The Tees Valley's bid will be based on our strengths in clean growth and build on our work in decarbonisation of the chemical and process, offshore, and energy sectors. It will harness the power of the Tees Valley's highly skilled workforce, the expertise of our University and technical institutions, and our established and emerging industrial clusters.

- 4.2 Vivid Economics (2019) has stated that a Tees Valley Free Port has the potential to add up to 32,000 jobs and £2billion of additional output to the region over the next decade. This will not only be realised in the actual Free Port itself but will have significant impacts in all five Council areas, through sourcing from local supply chains and targeted recruitment campaigns.
- 4.3 As outlined in the Tees Valley's Freeport's policy paper "A proposal for a national Free Zone policy" and our response to the Government's consultation, the region's bid is expected to be focussed on Customs zones at Teesworks (South Tees Development Corporation) and the Port of Hartlepool. These sites, encompassing Teesport within the Teesworks, offer an ideal core for our bid having a number of attributes highlighted as desirable in the bidding prospectus.
- 4.4 A robust logic model and prioritisation framework are being developed to assess options for the selection of development land to make up our Tax Zones, and to do the same for Secondary Customs Zone proposals.
- 4.5 The bid is being led by Tees Valley Combined Authority (TVCA) in partnership with the regions five local authorities, and PD Ports in its role as the Strategic Harbour authority. Stakeholders from industry, academia, innovation, education, the public sector, and a wide range of other areas have already made a huge contribution to the Tees Valley's three-year campaign for a Freeport, and many are now actively contributing to and supporting the bid.

PROGRESS AND FUTURE MILESTONES

- 4.6 TVCA has assembled a project team and is in the process of formalising its partnership with PD Ports. Work to identify and prioritise zones within the site is ongoing, expert support in economics is being procured, and a gap analysis has been conducted to identify areas of the bidding criteria where further support is needed. Mace Group is supporting the bid, having initially been procured by PD Ports for this purpose.
- 4.7 A draft bid will be considered by the Tees Valley LEP in January, followed by the presentation of a final draft to Cabinet on January 29th. The signatures of the Tees Valley Mayor, Local Authority Leaders (where the Freeport falls in the boundaries of their Authority) will be required on a joint letter as part of the bid submission.

5. RISK IMPLICATIONS

- 5.1 If Hartlepool Borough Council does not support this bid there is a risk that Hartlepool Port will not be considered as part of the proposal which would be detrimental to the local economy as businesses could relocate to Tees Port due to the incentives Freeport status provides businesses.

6. CONSULTATION

- 6.1 In early 2019, the Tees Valley Mayor submitted a policy paper to Government championing a Freeport in Tees Valley, building on the recommendations of a 2016 policy paper by now Chancellor of the Exchequer Rishi Sunak MP. The Government launched a public consultation on Freeport's in February 2020, which concluded in July and for which a formal response was published in October.

Financial Considerations and Risk Implications	Covered in previous paragraphs.
Legal Considerations	None
Child and Family Poverty Considerations	None
Equality and Diversity Considerations	None
Staff Considerations	None
Asset Management Considerations	None

7. RECOMMENDATIONS

- 7.1 Members are asked to support the Tees Valley Freeport Bid.

8. REASONS FOR RECOMMENDATIONS

- 8.1 If Hartlepool Borough Council does not support this bid there is a risk that Hartlepool Port will not be considered as part of the proposal which would be detrimental to the local economy as businesses could relocate to Tees Port due to the incentives Freeport status provides businesses.

9. BACKGROUND PAPERS

None.

10. CONTACT OFFICERS

Denise McGuckin
Managing Director

Sign Off:-

Managing Director



Director of Resources and Development



Chief Solicitor

